California Journal

THE MONTHLY REPORT OF STATE GOVERNMENT AND POLITICS

Governor Presents 1972-73 Budget

Supreme Court Voids Redistricting

Protecting Lake Tahoe Past & Present

WIN Program Fails Expectations

Gov. Reagan's State of the State

January 1972 in Review

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Editor's Note

With this issue we celebrate the second anniversary of the *California Journal*. Anniversaries, like birthdays and new years require a moment's pause to consider the accomplishments of the past and the prospects for the future. Reading last year's note it is obvious we viewed mere survival as the great accomplishment of the first year. In our second year we have been able, we think, to make substantial progress in expanding and improving the editorial content of the *Journal*.

In order to continue this trend we will be sending out a reader survey in the next two months seeking feedback and suggestions for continued growth of the Journal in 1972.

* * * *

Another feedback project which we would like to inaugurate herewith relates to legislative reapportionment. Nobody in or out of state government is very satisfied with the present system of reapportioning legislative districts every ten years. Some have suggested taking the power to reapportion away from the Legislature and the Governor. Others argue, almost wearily, that reapportionment by the Legislature, like democracy itself, may not be very efficient, but it's much better than anything else you can name.

We are soliciting the views of Legislators, academicians and the public at large on this crucial question. And crucial it is, because to a very considerable extent — more, perhaps, than elections — the configuration of districts determines the general political direction of the state. In a future issue we will present information on the advantages of the present system, alternative ways of reapportioning used by other states, and specific proposals for California.

* * * *

Last month we published the final compendium of key legislative votes for 1971. Looking back over the year we find that we published a total of 196 Senate and 249 Assembly votes which when multiplied by the number of members comes to a staggering 27,760 individual votes recorded, more than 10,000 more than in 1971. The person responsible for this herculean effort is G. L. Sherwood who is also the mainstay of our Quick Query Service for corporate subscribers.

* * * *

This issue contains two articles regarding efforts to protect Lake Tahoe from excessive development, one by Laurel Ames tracing the development of the recently adopted Tahoe basin plan, and the other by Jack Ayer on the tax structure which has encouraged rapid suburbanization of the lakeshore. At first glance these may appear simply to be two somewhat different views of the same problem, but we believe readers will find that the two articles are in fact closely related, that Ayer's analysis goes a long way toward explaining the events and attitudes reported by Mrs. Ames.

* * * *

The article on the four-day work week was written by Michele St. Clair. Albert Balingit prepared much of the material in the piece on WIN, as did Ramon de la Guardia for the piece on environmental impact statements.

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Governor Reagan Submits Fiscal Plan for 72-73

The annual presentation of the Governor's Budget for the next fiscal year has always been an event characterized by vigorous and often bitter attacks upon the Governor and his administration from legislators, educators, fiscal experts, much of the daily press and others in and out of state government. Last year, when the Governor presented a budget which was not only, in his words, "very austere", but also unbalanced to the extent of approximately $300 million, the attack upon Reagan's fiscal policies reached a level of intensity experienced by few other governors in recent history. Although the Reagan administration had reacted to a major economic recession in the traditional manner of state government — that is, by cutting proposed expenditures back sharply and hoping to ride out the break in revenue growth without a tax increase — the cresendo of criticism seemed to put the administration in a defensive position from which it would have great difficulty recovering.

It was somewhat surprising to capitol observers, therefore, when the initial response to the Governor's Budget for 1972-73, which was presented to the Legislature in early January, was markedly restrained and

TOTAL BUDGETED EXPENDITURES AND SOURCES OF FUNDING
(IN MILLIONS)

	Actual 1970-71	Estimated 1971-72	Proposed 1972-73	Change from 1971 Amount	Change from 1971 Percent
State Operations:					
General Fund	$1,385.1	$1,441.9	$1,594.4	$152.5	9.5%
Special Funds	379.5	403.2	444.9	41.7	10.3
Bond Funds	.4	5.1	5.6	.5	9.8
Local Assistance:					
General Fund	3,396.2	3,516.7	4,059.6	542.9	15.4
Special Funds	680.3	749.9	744.4	—5.5	—.7
Bond Funds	3.8	62.5	95.6	33.1	52.9
Capital Outlay:					
General Fund	72.5	17.3	3.0	—14.3	—82.7
Special Funds	299.5	342.0	393.1	51.1	14.9
Bond Funds	338.9	333.8	275.9	—57.9	—17.3
Totals:					
General Fund	$4,853.9	$4,975.9	$5,657.1	$681.2	13.7%
Special Funds	1,359.3	1,495.3	1,582.5	87.2	5.8
Bond Funds	343.1	401.4	377.0	—24.4	—6.1
Grand Totals, All Funds	$6,556.3	$6,872.6	$7,616.6	$744.0	10.8%

altogether much more moderate in tone than had come to be customary. Although a few Democratic legislators objected to what they termed "grossly inadequate" funding in such areas as education and mental health, the Democratic leadership was notably silent on the general character of the budget, and other state officials, including UC President Charles J. Hitch, carefully avoided the public statements of alarm with which they reacted to Reagan administration budgets in preceding years. Republican legislators, for their part, seemed to be mildly pleased that they could echo the administration in confirming, as Assemblyman Frank Lanterman said, that "this is not an austerity budget."

The explanation for this response is to be found not only in the fact that Reagan's 1972-73 budget is a good deal less austere than his 1971-72 budget, but also in the fact that many of those who have complained so bitterly of budget restraints in the past have come to learn that the Governor can and does so thoroughly dominate the budget process that there is little to be gained by attempting to challenge him in this regard. Despite considerable furor in 1971 about the lack of adequate funding for many programs, the budget that was finally enacted in early July was in nearly every detail the budget which the Governor had submitted six months earlier.

Program Budget

In its format the Governor's Budget for 1972-73 is a disappointment to some fiscal experts who believe that the annual state budgets can become useful program analysis and planning tools. The principal source of their disappointment in this year's budget is its division into two parts, one dealing with expenditures for state operations (activities administered directly by the state) and capital outlay and the other showing appropriations to local government for locally administered activities. This had been the practice until two years ago when advocates of program budgeting succeeded in getting the Department of Finance to pull together the alternative methods of funding each major activity.

In his budget message Governor Reagan explained the reversion to the old format by saying, "I have long felt that the fiscal plan for the State of California should be prepared as two separate budgets to more dramatically emphasize the State's two distinct funding roles . . . While they will be bound together in a single volume for convenience, I am hopeful that the executive and legislative branches will consider each one separately in order that Californians may better understand the extent to which state government merely acts as an efficient tax collector for the benefit of local government." It is unlikely that the Legislature will follow this suggestion, however, because to do so would only further complicate an already difficult job of budget review, making it extremely difficult to comprehend recent developments in mental health and correctional programs, for example.

In other respects the budget document — which comes in two volumes, one labeled "Governor's Budget" and the other "Program Budget Supplement" — has also been criticized as a guide to how much the state spends for various purposes, and why and with what results. In a few program areas (mental hygiene, higher education, public health) there is an attempt to provide some graphic and statistical description of program objectives and results, but for the most part the so-called program data are of little real value for this purpose. In addition, many closely interrelated expenditures continue to be treated separately, making it extremely difficult to recognize those interrelationships. For example, expenditures for the administration of the Department of Justice are reported with little or no reference to expenditures for correctional programs

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and the courts, or to the expenditure of federal grants for local law enforcement. Salary increase funds are presented as a separate item rather than as an added cost for each program and activity. A whole basket full of state offices and agencies is included under the title "General Government" (ranging from the Governor's Office and the Legislature to the Public Utilities Commission, Military Department and Horse Racing Board), together with expenditures for bond interest and redemption and the payment of interest on short-term loans.

There is a small staff in the office of the Director of Finance which, under legislative mandate, is giving serious and thoughtful consideration to the development of useful expenditure analysis tools. Unfortunately, however, this work has had no apparent impact on the current budget document.

Revenues

Every state budget is in large part shaped by the revenues which the state's fiscal experts expect to have available for spending in the budget year. The 1972-73 budget is no exception, but rather a direct product of the revenue estimates prepared by the Department of Finance in November and December according to national and state economic forecasts and their projection of new revenue from the 1971 tax legislation.

Total state revenues for 1972-73 are expected to reach nearly $7.4 billion, approximately $572 million more than will be available this year. The gain in General Fund revenues is expected to be $468 million, of which $354 million will come from the 1971 tax legislation (excluding $150 million set aside for capital outlay) and the balance from normal growth in revenues as a result of growth of the state's economy. Revenues for the various special funds are expected to increase by $103 million, a large gain which is attributable in greater part to an increase in the state's share of tidelands oil revenues and a shift of $25 million to the California Water Fund from the Central Valley Water Project Construction Fund.

Although the year-to-year increase in revenues is not large when the results of the new tax legislation and the special fund shifts are subtracted, the Department of Finance says that its estimates are based upon a belief that 1972-73 will bring "a vigorous economic recovery accompanied by higher corporate profits, strong gains in consumer spending, and a substantial increase in personal income of Californians." Among the factors which will contribute to the recovery, according to the state forecasters, are an increase of 241,000 (1.2 percent) in population from 1971 to 1972, matching increases of 105,000 (also 1.2 percent) in the civilian labor force and 175,000 in total civilian employment, and a decline in the unemployment rate of 6.1 percent. Jobs in nondurable manufacturing, services, trades and local government are expected to increase. Construction activity is expected to be strong during the first half of 1972 but taper off later in the year, except for nonresidential building which is expected to be up sharply from 1971. Personal income is expected to rise by $101 billion (8 percent) in 1972 and $109 billion (7.7 percent) in 1973.

Much of the moderately optimistic aspect of these projections for the state's economy in 1972 and 1973 reflects a belief that the national economy will make a significant recovery in this period. Since these projections were made there has been a reduction in the figure for the gross national product for 1971, as compared with earlier estimates, putting it well below the target set by the Nixon administration a year ago. The President's recent budget message indicates, however, that the federal budget for the coming year will be highly expansionary and, if not offset by the remaining anti-inflation controls and federal employment tax increases, may help to produce the new jobs and income which California officials are counting upon.

Legislative, Executive Costs

An amount of $32.1 million is provided in the Governor's Budget at the request of the Legislature to cover the expenses of the Senate and Assembly in 1972-73,

ESTIMATED STATE REVENUES, 1972-73
(IN MILLIONS)

General Fund Revenues	Amount	Percent of Total
Sales and use taxes	$2,110.0	28.6%
Personal income	1,880.0	25.5
Bank and corporation	770.0	10.4
Inheritance & gift	291.1	4.0
Insurance	187.0	2.5
Cigarettes	173.8	2.4
Alcoholic beverages	126.0	1.7
Horse racing	62.8	0.9
All other sources	176.5	2.4
Total, General Fund	$5,777.2	78.4%
Special Funds:		
Motor vehicles:		
Fuels	$ 731.4	9.9%
Registration, weight, etc.	298.6	4.1
License fees	270.8	3.7
Transportation	29.4	0.4
Cigarettes	74.5	1.0
Alcoholic beverages	13.0	0.2
Horse racing	8.9	0.1
All other sources	162.3	2.2
Total, special funds	$1,588.8	21.6%
Total revenues	$7,366.0	100.0%

$2.3 million more than the estimated cost for 1971-72. In all probability, however, the allocations for 1971-72 and 1972-73 will be increased by the Legislature to cover the extra costs of the lengthy 1971 session and to replenish Senate and Assembly contingency funds to assure the measure of independence which legislators insist upon.

Budgeted expenditures for the Governor's Office, including the offices of the four agency secretaries in the Governor's cabinet and the Office of Planning and Research, total $2.7 million, up about $222,000 from the current year. The Lieutenant Governor's Office, including the Office of Intergovernmental Management, is budgeted at $957,466, up significantly from estimated expenditures of $650,000 for 1970-71, largely to provide additional staff to deal with intergovernmental (state, local, federal) relations, according to the budget explanation.

A large budget item which receives little publicity is that for debt service on state general obligation bonds

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and short-term borrowings. For the budget year, debt service on outstanding bonds for higher education, beaches and parks, waste disposal, and general construction is expected to total $116.3 million. Another $65.4 million will be required from the General Fund to pay the interest and principal due on school building construction bonds. In addition, it is expected that $14.4 million will be required from the General Fund to pay interest on short-term borrowings to cover lean revenue periods. The estimated General Fund cost for such borrowing during the current year, in which it was necessary for the state to sell tax anticipation notes to meet a revenue shortage, rose to $24.4 million.

Welfare, Medi-Cal

State expenditures for welfare are expected to reach $818 million in 1972-73, with the total for federal, state and county expenditures going up to $2.8 billion. The General Fund cost for cash grants — aid to adults and families — is budgeted at $647.7 million, almost exactly the same as the amount, $647.6 million, which is to be spent this year (the 1971-72 figure has been increased by $74 million over the final 1971-72 budget act appropriation, which was that much short of meeting the current estimate of need). The total welfare caseload began to decline in April, 1971, and continued to fall until December when it went back up slightly. Administration officials have claimed that the drop first occurred as a result of administrative controls instituted by the Department of Social Welfare and later as a consequence of the 1971 Welfare Reform Act. Others, including Legislative Analyst A. Alan Post, say that administrative regulations and the new legislation (much of which has been tied up in the courts) have been less important than the improvement in the economy which has lowered unemployment rates and increased personal income. Post has also suggested that the caseload and cost estimates for the budget year, which are likely to be revised later in the spring, may be too low, inasmuch as they are based upon full implementation of the 1971 legislation. Several major provisions of that legislation appear to have only an even chance, at best, of surviving court challenges.

The Medi-Cal budget for 1972-73 totals $1.7 billion, of which the state share from the General Fund will be $654.6 million, up 26 percent from the $517 million revised estimate of costs for this fiscal year. Presumably the budget figures for 1972-73 will be reduced if welfare caseload figures (which are the key indicators for Medi-Cal cost estimates) stay down.

Mental Health

The total mental health budget for 1972-73 amounts to $397.9 million, including $129.7 million for state administered programs, primarily the operation of the state mental hospitals, and $268.2 million in subventions for local mental health services. (An additional $110 million, which is not included in departmental budgets, is allocated to programs for mentally retarded children.) Although the total budget provides for an increase in mental health expenditures of $29 million, direct state expenditures for operation of the state mental hospitals are reduced by nearly $22 million, with a reduction of more than 2400 staff positions. This reduction reflects the continuing shift in mental health services from large state institutions to community facilities, which has permitted the closing of three state hospitals, as the patient population has declined from 37,771 in 1957, when the community mental health concept was first implemented, to less than 10,000. Short-Doyle Act (community) facilities are expected to provide 20 percent of total "inpatient days" of care in 1972-73, and the state hospitals 80 percent. To accommodate this shift in patient care, state allocations for community mental health programs will continue to rise sharply — from $102.4 million in 1970-71, to $140 million in 1971-72 and $173 million in 1972-73.

TOTAL STATE EXPENDITURES BY FUNCTION*
IN MILLIONS

	Actual 1970-71	Estimated 1971-72	Budgeted 1972-73
Legislature	$ 27	$ 33	$ 35
Judiciary	21	22	23
Executive	5	5	5
Fiscal Management	59	63	65
Dept. of Justice and Related	24	27	31
Corrections	171	184	189
Agriculture	33	32	31
Consumer Affairs	11	12	13
Business and Utilities	38	38	38
Transportation	669	679	705
Resources	118	121	119
Welfare	725	759	818
Mental Hygiene	298	322	339
Medi-Cal	484	517	655
Education	1,540	1510	1,730
Higher Education	829	871	956
Public Health	44	60	41
General Services & Personnel	11	16	15
Debt Service	99	130	131
Tax Relief & Shared Revenue	946	999	991
Misc. & Unallocated**	55	61	310
TOTALS	$6,213	$6,471	$7,239

*Excluding bond funds
**Includes $95.8 million in salary increase funds for 1972-73.

Corrections

Budgeted expenditures for correctional programs for 1972-73 total $214.8 million, of which $133.8 is to be spent by the Department of Corrections, primarily for the operation of the state's penal institutions for adults, and $81 million is to be spent by the Department of Youth Authority, chiefly to operate its "rehabilitation services" (institutions) and to assist local communities with the cost of probation programs. The Department of Corrections expects a further decline in the state prison population from 22,650 in 1970-71 to 21,095 in 1972-73, continuing a reduction that began in 1968. It also expects a moderate increase in the number of persons on parole, largely as a result of an earlier release policy which is believed to be justified by a recent strengthening of parole services. With these changes, total expenditures for adult corrections are to increase by only $3.8 million over current costs. However, the Governor apparently has conceded that the prison system was under-budgeted in the current year and is asking for an additional $2 million to carry the

(Continued on page 26)

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Supreme Court Rules Against Reapportionment Plans, Reapportionment Commission

In a unanimous decision announced on January 18th, the California Supreme Court ruled that the plans passed by the Legislature to reapportion Senate, Assembly and congressional districts in accordance with the 1970 census are invalid because they were vetoed by the Governor. (See pages 10 and 11 for text of the decision.) To solve the impasse, the court concluded it had no choice but to order into effect "readily available temporary apportionment plans for the 1972 elections." For the Senate and Assembly this means the existing districts laid out by the incumbent congressmen and passed by the Legislature (see map, page 9), despite the fact that this congressional plan was also vetoed by the Governor.

Having made this decision, the court urged the Legislature and the Governor to continue to attempt to enact valid new reapportionment plans for 1972 so as to make the temporary plans unnecessary, but warned that if valid plans were not adopted by the end of the current regular session, the court itself would draft reapportionment plans for the 1974 election.

Three Cases

The ruling came only one day after the deadline for filing briefs in three cases which went directly to the Supreme Court and which were consolidated by it into a single action. The three cases were:

- *Legislature v. Reinecke,* in which the Democratic majority in the Senate and Assembly sought to prevent the Reapportionment Commission from enacting reapportionment plans after the Legislature had failed to reapportion by the end of the regular session, as Article IV, Section 6 of the constitution requires *(California Journal,* December 1971, page 328 ff.);
- *Brown v. Reagan,* in which the Secretary of State asked the court to order into effect the plans passed by the Legislature;
- *Members of the House of Representatives v. Reagan,* in which 32 members of the state's congressional delegation asked the Court to adopt the congressional redistricting plan passed by the Legislature.

In its decision the court upheld the Governor's power to veto any bill, including a repportionment bill, a power which the court aparently assumed was questioned in one or more of the briefs submitted to it, just as it was publicly questioned by Democratic leaders in the Legislature when the reapportionment plans were being passed. Actually, however, none of the petitioners' briefs questioned the validity of the Governor's veto.

The court also upheld earlier decisions which ruled the Reapportionment Commission unconstitutional. The section of the state constitution establishing the commission was ruled not severable from the part of the constitution which earlier decisions had found to be in violation of the one-man, one-vote requirement of the equal protection clause of the U.S. Constitution.

Alternative Plans

Having found the Legislature's reapportionment plans invalid because they were vetoed by the Governor, and having eliminated the Reapportionment Commission as a possible source of new plans, the court was faced with the necessity of urging the Legislature to try again or of devising its own plans. Knowing that it is unlikely that the Legislature can come up with plans acceptable to the Governor in time for "the orderly conduct of the 1972 elections," the court determined that it had no choice but to make an interim selection of its own.

The members of the court were convinced, however, that they could not come up with new plans by February 23rd, the date which election officials say is the deadline for changes in districts lines for the June primary. There was not enough time, said the court "to allow all interested parties to be heard, to resolve the conflicting contentions presented, and to translate its conclusion into concrete reapportionment plans . . ." The "only practical choices now available" were to accept the plans passed by the Legislature or to continue the existing district lines for this year. In the case of the Assembly and Senate districts the court chose to continue the old districts. "We believe" the court said, "that it will be far less destructive to the integrity of the electoral process to allow existing legislative districts, imperfect as they may be, to survive for an additional two years than for this court to accept, even temporarily, plans that are at best truncated products of the legislative process." In the case of the congressional districts, however, the addition of five new seats in California compelled the approval of a 43-seat plan instead of a 38-seat plan, and the "only readily available" plan was the one passed by the Legislature and vetoed by the Governor. The court therefore ordered that the new congressional plan shall be used for 1972, despite the Governor's veto, if the Legislature does not come up with another valid plan in time.

Effect of the Decision

Although it may have had no choice, the court's decision, in effect, ordered Senate and Assembly elections for 1972 in districts which violate the equal pro-

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tection provision of the U.S. Constitution. It is obvious from the decision, however, that the court did this only with the greatest reluctance, because the decision appears to place the state constitutional provision regarding the legislative process above the equal protection provisions of the U.S. Constitution. And there were indications that there might be several lawsuits challenging the decision with regard to the Assembly and Senate districts.

But the court was clearly convinced that it did not have the time to make a careful choice among the alternative Senate and Assembly plans before it or to draw up new plans of its own. Thus it found no choice but to continue the existing Senate and Assembly districts.

Obviously this option did not exist in the case of Congressional seats where something had to be done with the five new seats California gained. The court rejected firmly the possibility of at-large elections, citing a federal statute strengthened by their own abhorence of at-large elections.

Legislative Response

In the meantime the Legislature pondered the possibility of adopting new reapportionment plans for this year's election. There was little interest in the court's suggestion that the June primary might be delayed to allow more time. It is certain the Assembly will not act to reapportion itself for the 1972 election; Speaker Bob Moretti is talking about doing it after the November election. The Senate, however, appears ready to go ahead with a bill which has bipartisan support which could gain the Governor's signature. What the Assembly will do about this is unknown.

Assuming that the existing Assembly and Senate districts for 1970 do remain in effect for 1972, the real losers are the residents of suburban areas which are under-represented due to their relative population growth since 1960. The temporary gainers are center-city district residents who are over-represented.

Senate Reapportionment Capability

It is not the policy of the *California Journal* to publish letters to the editor. However, we have received a communication from Alan Rosin, Staff Coordinator for the Senate Committee on Elections and Reapportionment, regarding the subject of an article in the last issue, which we believe should be brought to the attention of our readers.

According to Rosin, it was inaccurate to say that the Senate reapportionment data base was not applicable to units smaller than census tracts. "The Senate data base always was applicable to units smaller than census tracts," explain Rosin. "For reasons of population accuracy (which can be detailed), we chose not to split census tracts. Among the Senate's eight data bases are two files each with approximately 25,000 block groups and enumeration district entries. These were the initial files developed. Subsequently we summarized these in a shorter (5,436 entries) census-tract file."

Rosin also denied that Senate redistricting has been hampered by "weaknesses in capability". According to Rosin, "It is absolutely untrue to say we could not produce plans quickly. On one late night occasion, we drew an entire Senate plan in eight hours. Negotiations take time."

It is difficult to determine who, if anyone, gained partisan advantage from the decision. Democrats in the Assembly are confident they will gain seats in November and hope that will give them additional bargaining leverage in the next reapportionment debate. Leaders in both houses are confident that bipartisan plans can be adopted by the Legislature before the court steps in to redistrict for 1974. But others no longer share that confidence.

In the long run it seems likely, in the face of the very real threat of court action, that the Democratic majority in the Assembly will settle, as has the Democratic majority in the Senate, for a status quo plan. The major question is whether it will be the status quo of today (42-38 in Assembly, 21-19 in the Senate) or a post-election status quo. Republicans are holding the trump cards: if the Governor vetoes a plan, it will go to the court, which seems likely, even if it adopts new criteria of a fair reapportionment in addition to the one-man, one-vote criterion, to institute a plan which is more favorable to the Republicans than the Democrats. Incumbents of both parties would be hurt, but Democrats would be hit hardest because Democratic voters tend to be concentrated in a few areas of the state.

If the Republicans should happen to regain control of both houses of the Legislature in November, it's a whole new ball game, however. They could pass a very partisan gerrymander and Governor Reagan might be persuaded to sign it. Thus, the Democrats are in the position of gambling for high stakes against long odds, and a graceful compromise at this point might seem preferable.

An interesting sidelight of these cases with possible important implications for future decisions is the fact that several of the briefs argued for revised standards of "fair reapportionment" that go far beyond the one man, one vote standard which is presently the only clearly articulated court standard. These arguments may contain the seeds of important new court decisions in the reapportionment field. Two examples of this line of reasoning were contained in friend of the court briefs filed by Republicans and one example was contained in the petition of Democrat Edmund G. Brown Jr.:

- Brown argued that anything other than a plan drawn very carefully to preserve the strength of Democrats and ethnic minorities would result in their being represented far less well than their statewide strength would justify and would "vitiate their most basic right of all, the right to vote, by ordering that they exercise that right in segregated districts."
- Assemblyman William T. Bagley in a brief filed on behalf of two cities argued that "A reapportionment plan which arbitrarily divides political subdivisions such as cities and their citizens, where obvious alternatives exist which are consistent with the one man, one vote requirement, violates the equal protection clause."
- Assemblymen Robert T. Monagan and John Stull in a supplemental brief went much further, arguing "The court in its discretion and within the framework of equality of population should consider standards of compactness, facilities of communication, preservation of political boundaries, lack of racial gerrymandering, lack of partisan gerrymandering, and recognition of population shifts."

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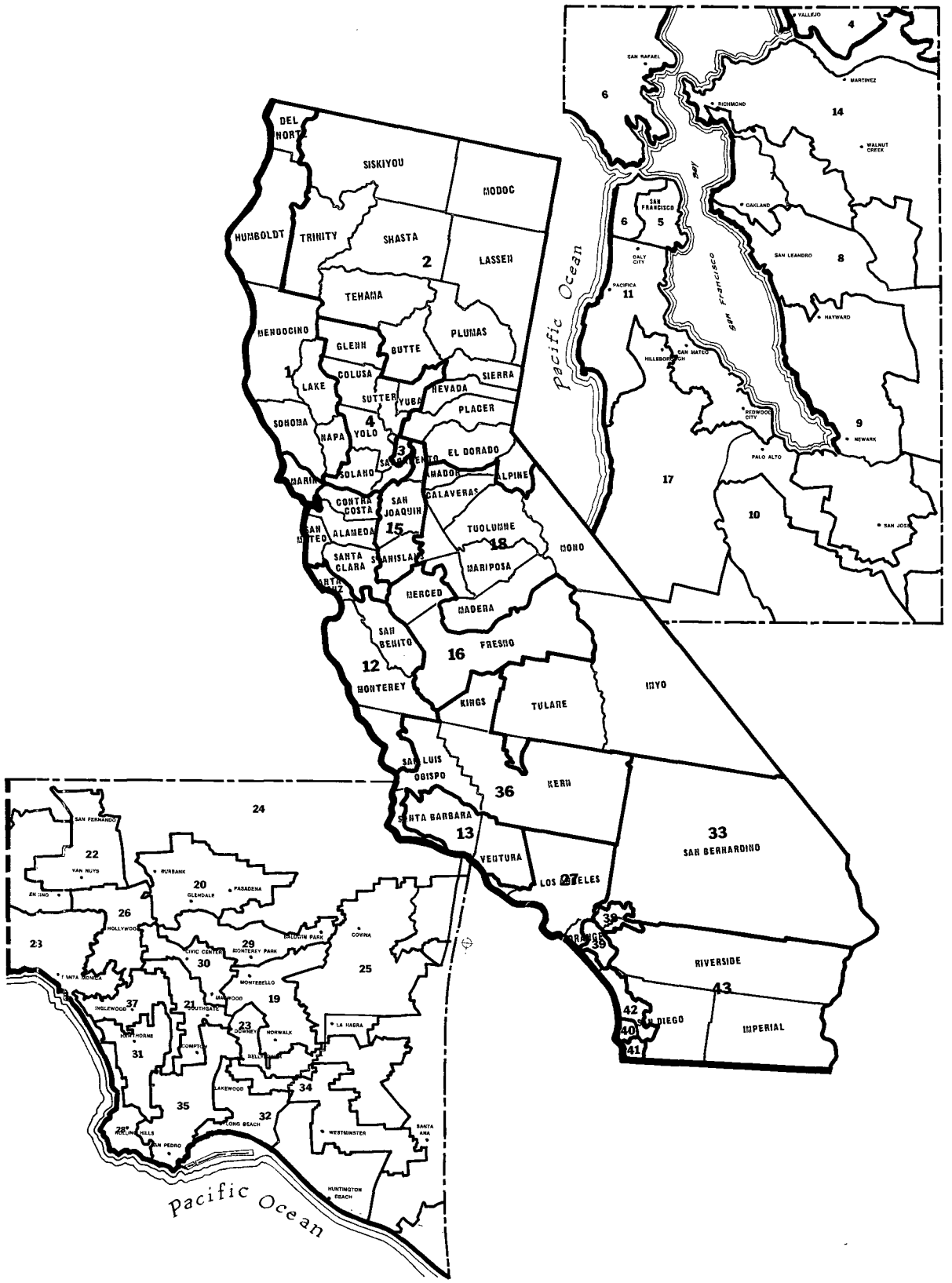
Congressional Districts 1972



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Supreme Court Decision on Reapportionment

Following is the text of the California Supreme Court's unanimous reapportionment decision of January 18, 1972. It has been condensed to fit these pages.

In these mandate proceedings we are called upon to resolve the impasse created by the failure to date of the Legislature to pass legislative and congressional reapportionment bills acceptable to the Governor in time for the upcoming 1972 primary and general elections. For the reasons hereafter stated we have concluded that there is now no practical alternative available to us but to order into effect readily available temporary apportionment plans for the 1972 elections. As we have repeatedly emphasized in the past, however, reapportionment is primarily a matter for the legislative branch of the government to resolve. Accordingly, we urge the Legislature and the Governor, in the exercise of their shared legislative power to enact laws, to enact reapportionment measures in time for the 1972 elections, and thus to render unnecessary the use of our temporary plans. In this respect we note that the date of the June primary, at least insofar as it relates to the nominations of candidates for seats in the Legislature and the Congress, could be postponed by statute to allow substantial additional time for the orderly conduct of such primary nominating election. Since, however, the legislative impasse may continue indefinitely, and since "it is our duty to insure the electorate equal protection of the laws" (*Silver v. Brown*, 1965), we deem it essential to state that we shall proceed well in advance of the 1974 elections to draft our own reapportionment plans based on the 1970 census unless, by the end of its current regular session, the Legislature has enacted valid statutes reapportioning the legislative and congressional districts . . .

Since the Legislature failed to enact statutes reapportioning the assembly and senatorial districts at its first regular session following the 1970 federal census, at least a majority of the members of the Reapportionment Commission now assert the authority to reapportion those districts and have commenced working toward that end. In *The Legislature v. Reinecke*, petitioners challenge the authority of the commission to act and seek a peremptory writ of mandate directing it not to reapportion either house of the Legislature.

Section 6 of article IV of the California Constitution provides in part: "should the Legislature at the first regular session . . . following any decennial Federal census fail to reapportion the Assembly and Senatorial districts, a Reapportionment Commission, which is hereby created, . . . shall forthwith apportion such districts in accordance with the provisions of this section . . . " This provision of section 6 was adopted in 1926 at the same time the people amended section 6 to provide for a federal plan of legislative apportionment whereby the Senate was apportioned largely on a geographical basis and the Assembly was apportioned largely but not entirely on a population basis. After the United States Supreme Court held that the federal plan provisions of section 6 applicable to the Senate violated the one man, one vote requirement of the Equal Protection Clause, this court was confronted in *Silver v. Brown* with implementing the United States Supreme Court decision.

Legislative Power

We noted our prior holding in *Yorty v. Anderson* (1963) that the failure of the Legislature to enact a valid reapportionment at its first regular session following a federal decennial census did not deprive it of power thereafter to enact a valid reapportionment within the ensuing decade. We pointed out that such power was part of the legislative power vested in the Legislature by section 1 of article IV of the California Constitution, subject to the powers reserved to the people of initiative and referendum. We then held that the Reapportionment Commission had no power to act on the ground that the provision creating the commission was inseverable from the invalid parts of section 6. We stated: "There is also no merit in the contention that since the Legislature has had the opportunity but has failed to reapportion the Senate, the Reapportionment Commission should now do so. Even if we could reasonably disregard the express condition precedent to the commission's power, namely, that the Legislature must have failed to reapportion itself after the 1960 census, we could not hold the provision creating the commission severable from the invalid parts of section 6. In amending section 6 in 1926 the people created the commission to enforce a specific apportionment plan. We do not believe they would have delegated such broad legislative power to the commission as is now appropriate for the Legislature to exercise, had they known that the standards set forth in section 6 could not be followed consistently with the United States Constitution."

We adhere to that holding, not only because of the principle of *stare decisis*, but because it is compelled by the language of section 6. The only authority of the commission is to "apportion such districts in accordance with the provisions of this section," but for the commission to so apportion the districts would necessarily violate the United States Constitution.

Governor's Veto

It is contended that insofar as the California Senate and Assembly are concerned, the reapportionment bills passed by the Legislature at its 1971 First Extraordinary Session are effective despite the Governor's vetoes. It is urged that the doctrine of separation of powers compels the conclusion that the Legislature must have unfettered power to reapportion its own houses within constitutional limits and that therefore the Governor is without power to override the will of a simple majority by exercising his vetoes. We find no basis whatsoever in the California Constitution, however, for concluding that measures reapportioning the houses of the Legislature are not laws that must be enacted pursuant to the Constitution . . . There is no room in these provi-

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sions for evading the Governor's veto power with respect to reapportionment measures.

Resolving the Impasse

Since valid reapportionment measures based on the 1970 census have not been enacted, and since population shifts reflected in that census and increasingly strict standards of electoral equality make clear that the present legislative and congressional apportionments no longer meet the one man, one vote requirement, it is now incumbent upon this court to determine how this impasse should be resolved in time for the orderly conduct of the 1972 elections.

The problem is intensely practical and extremely urgent, for election officials must know the district boundaries by February 23, 1972 to prepare for a June primary. Moreover, even a delay in fixing district boundaries until that date would create serious complications for the election officials in the larger counties. Reapportionment, however, is an extremely complex matter, for innumerable plans could be adopted that would satisfy the one man, one vote requirement. Before this court, in the discharge of its duty to insure the electorate equal protection of the laws, undertakes to draft reapportionment plans of its own, it should afford all interested parties an opportunity to be heard. The court should be fully informed with respect to all of the possible criteria that might be adopted for reapportionment and with respect to all of the specific implementations of such criteria that might be ordered into effect. Insofar as the 1972 elections are concerned, there is obviously insufficient time before district boundaries must be known for this court to allow all interested parties to be heard, to resolve the conflicting contentions presented, and to translate its conclusions into concrete reapportionment plans for the legislative and congressional districts. Accordingly, the only practical choices now available to us are either to allow the present apportionments to remain in effect temporarily for the 1972 elections or to adopt as temporary court plans for the 1972 elections the plans passed by the Legislature but vetoed by the Governor. Neither choice is satisfactory, and in determining which is the least undesirable, we consider reapportionment of legislative districts and of congressional districts separately.

Court Plans

Only the most compelling considerations would impel us to disregard the solemn vetoes of the Governor and to adopt the plans passed by the Legislature as court plans, at least in the absence of a complete hearing, as described above, which would allow us to exercise a fully informed and independent judgment with respect to those plans. Insofar as reapportionment of the Legislature is concerned, we find no such compelling considerations. We believe that it will be far less destructive of the integrity of the electoral process to allow the existing legislative districts, imperfect as they may be, to survive for an additional two years than for this court to accept, even temporarily, plans that are at best truncated products of the legislative process.

There are, however, compelling considerations that impel us to adopt as a temporary court plan, for the 1972 elections only, the bill passed by the Legislature to reapportion the congressional districts. (Assembly Bill No. 16, 1971 First Extraordinary Session.) Unlike the numbers of assemblymen and state senators, which remain unchanged, the number of representatives in the United States House of Representatives to which California is entitled increased following the 1970 census from 38 to 43. Accordingly, unless congressional districts are reapportioned, the offices of five representatives will either have to be left unfilled or filled by statewide elections. We cannot accept either alternative, for Congress has expressly provided that California shall elect 43 representatives from 43 single member districts. We need only add that we fully agree with the congressional mandate. It would be wholly unacceptable to avoid statewide congressional elections by depriving the state of the representation of five congressmen to which it is entitled, but to conduct statewide elections to fill five congressional seats in a state of California's geographical size and large population would not only tremendously increase the burdens and expenses of effective campaigning but, by increasing the choices confronting the electorate from the candidates for one to the candidates for six congressional seats, would seriously impede the casting of informed ballots.

We regret, of course, that the only readily available congressional reapportionment plan is one that has been vetoed by the Governor. We note, however, that it has the bipartisan support of all of the California members of the United States House of Representatives appearing herein and that it is opposed by none of such members. We would be naive not to recognize that the plan was drafted with the interests of the incumbents in mind. Whether or not we may deem it appropriate to consider those interests when and if we must ultimately draft our own reapportionment plans for post-1972 elections, the fact that Assembly Bill No. 16 may favor incumbents does not disqualify it from serving as the court's temporary plan in the exigent circumstance confronting us.

Summary

To summarize we hold that the Reapportionment Commission has no jurisdiction to reapportion the Legislature. We further hold that unless the Legislature enacts valid legislative reapportionment statutes in time for the 1972 elections, the present statutes apportioning the Legislature shall remain in effect for the 1972 elections. We finally hold that unless the Legislature enacts a valid congressional reapportionment in time for the 1972 elections, the congressional districts set forth in Assembly Bill No. 16, 1971 First Extraordinary Session, shall be in effect for the 1972 elections. We retain jurisdiction to draft new reapportionment plans for the elections of 1974 through 1980 in the event that the Legislature does not enact valid legislative and congressional reapportionment statutes by the close of its 1972 regular session.

Since there is no reason to believe that any of the parties to these proceedings will not accede to our holdings herein, no purpose would be served by issuing writs of mandate. All parties shall recover their costs from the State of California. This judgment is final forthwith.

WRIGHT, C. J.

We concur:

McCOMB, J.
PETERS, J.
TOBRINER, J.
MOSK, J.
BURKE, J.
SULLIVAN, J.

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Protecting Lake Tahoe I:

The Real Life Adventures of a Planning Agency

BY LAUREL W. AMES

Lake Tahoe has long been a source of painful concern for conservationists who have watched its shoreline steadily collect the motels, casinos, subdivisions, marinas, condominiums, and used car lots which now dominate the north and south shores and several places in between. The lake really came into the environmental spotlight only in 1963, however, when the Lake Tahoe Area Council reported that a study of the lake's water indicated a clear and immediate danger that seepage from the increasing number of septic tanks along its shores might soon give it the greenish tinge of eutrophication.

That study, plus a great deal of subsequent publicity and political pressure, led to a federal conference on the problem which in turn produced an edict to the states of California and Nevada to export all sewage from the basin by 1970. The conference also recommended formation of a basin-wide planning agency with powers to prohibit development which adversely affects the lake. In response to this recommendation, the two state legislatures agreed to appoint a nine-man Joint Study Committee with the task of devising a permanent bistate agency "to provide for the orderly development" of the Tahoe basin. The study committee met for more than 18 months, and eventually agreed upon a strong, centralized regional government with taxing authority and enforcement powers with which it could "preserve and maintain the physical environment" of the region. The committee specifically recommended that eight of the 14 members of the agency be appointees of the Governors of the two states, with the other six members to be appointees of the local governmnts, to assure maximum expression of the broad public interest.

Throughout the committee's hearings, officials of the six county governments, all of which are located outside the basin, argued against the proposed nonresident members, and even against the need for regional government. The counties, later joined by the newly incorporated city of South Lake Tahoe, staunchly maintained that local government could do the job of protecting the lake from damaging development. Dedicated conservationists, on the other hand, insisted from the beginning that protection for Lake Tahoe could come only from federal intervention and control.

The Joint Study Committee recommendations were taken up by the two legislatures in 1967, and in August of that year the California Legislature approved a bill establishing the California Tahoe Regional Planning Agency, which would become part of a bistate agency as soon as Nevada took similar action. Before the California act was passed, however, the city of South Lake Tahoe had become the vortex of a home rule movement, and city officials were successful in changing the membership of the agency to give the majority to local representatives. In addition, the objective of the agency was changed from that of preservation of the lake to "conservation" and "orderly development", two terms which seem mutually exclusive to conservationists.

The Nevada Legislature, despite opposition from the legislators representing the Tahoe basin, passed a similar bill in 1968 but excluded gambling and Nevada public works projects from the agency's control. Congressional approval of the Tahoe Regional Planning Compact and President Johnson's signature followed in December, 1968 — after Congress added to the regional agency a non-voting member to be appointed by the President. The Tahoe Regional Planning Agency was then created by proclamation of the Governors of Nevada and California.

Muddling Through

While awaiting action by Nevada and the federal government, the California Tahoe Regional Planning Agency had muddled through an undistinguished record of development approval, authorizing over a 17-month period the addition of 6,146 living units on 2,678 acres. And although the 1967 legislation specifically required the CTRPA to adopt an interim regional plan in 90 days and a comprehensive regional master plan in 18 months, the agency found it easier to simply approve a taped together version of the existing plans of the city and two counties.

The Nevada Tahoe Regional Planning Agency, which had the same directive, eventually adopted an interim regional plan that was somewhat tougher than its existing county plans. When the bistate agency came into existence it was also required to adopt an interim and regional master plan for the Tahoe basin on a 90-day and 18-month schedule. The interim bistate plan, adopted in July, 1969, consisted of the new Nevada plan and the same old collage for California. There remained, therefore, 18 months, or until September 22, 1971, for the preparation and adoption of a real land use plan for the basin. Efforts by the League to Save Lake Tahoe at this time to establish a moratorium on new development approvals until a plan could be prepared were dismissed as unnecessary by agency members, and new developments were routinely approved (5,532 living units in 44 subdivisions).

The Regional Agency hired an executive director, J. K. Smith, former director of the Denver Regional Council of Governments, allowed him a staff of one planner, one engineer, one draftsman and two secretaries, and instructed him to develop a comprehensive plan for the basin. Smith was soon able to get some additional assistance, however, from another source. President Nixon's appointee to the Agency was Jack W. Deinema, the U.S. Forest Service's Regional Forester in San Francisco, who was soon promoted to Associate

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Protecting Lake Tahoe II:

A Trip Through the Fiscal Wilderness

BY JOHN D. AYER

It is almost time for postmortems on the Tahoe Compact. Two years ago, this agreement to create a Lake Tahoe Regional Planning Agency was a great feather in the environmentalist's cap. Now the first staff director is gone, the plan is months behind schedule, and the whole enterprise shows disarming signs of settling into the workaday bureaucratic world. Any day now (if not already) the conservationists are bound to start asking each other what went wrong. And here is a preliminary answer: nothing — substantially nothing went wrong with the Tahoe Compact because the deck was stacked against it from the start. The changes effected by the compact have been largely cosmetic. For all the furor over the work of the new agency, Tahoe is still engirdled with a network of public policies that serve to encourage, rather than restrict, misuse of this inimitable resource. Some of these policies are very old, some are new. Some are conscious policy decisions, and some are sheerest accident. Few, if any, were designed *pro malo publico*, but together they form an irresistible pattern of incentives for the continuing destruction of Lake Tahoe as a natural recreational resource.

Suburbanization

It will be useful to examine some of these constraints, not only in Tahoe's behalf, but perhaps also for guidance in comparable situations elsewhere. But first it is necessary to say a word about what the Tahoe problem is — what it is the lake needs to be saved from. Not many years ago it was assumed that the Tahoe problem was first and foremost a water pollution control problem — that this vast and once pristine mountain lake was in danger of becoming a great fetid pool. There was and is a pollution problem at Tahoe, and it is not to be trifled with, but it can be exaggerated. The truth is that much has been done to ameliorate water pollution at Tahoe. The more substantial and inescapable problem clearly is suburbanization. Over the past 15 years, the Tahoe landscape has been strewn with private residential and commercial development, at best rather elegant and at worst sheer ticky-tacky, but in any event ubiquitous. This building boom has rapidly transformed large areas from wilderness to subdivision, placing great burdens on a delicate resource, and creating a whole new set of water, air and noise pollution problems which must be solved at public expense. In doing so, it has substantially destroyed any hope of capturing large portions of the lake basin for public use and enjoyment and has seriously threatened the remainder.

There is a popular rejoinder to this complaint, of course. That rejoinder is that Tahoe development is dictated by the market, and suburbanization is what the market wants. In some circles, this invocation of the market seems to have an almost hypnotic effect, serving to end all further analysis. But the term is not magical. It contains a whole range of judgments about how society ought to work. At best, for example, it assumes that the distribution of income in society is ethically tolerable — that everybody has enough chips to play the market game. That assumption alone can touch off a passionate controversy in some quarters.

Of more particular interest, the term "market" with reference to situations like Tahoe is shorthand for an economic environment shaped by the public policies

noted earlier. Here is a catalog of some of those policies, and an indication as to how each serves to thwart current efforts to protect the lake from further suburbanization.

Land as a Commodity

The first such constraint at Tahoe is the very idea that land is a commodity for sale, rather than a public trust. The idea is so fundamental that one scarcely dares to call it a policy, or one of more than academic interest. But it is a policy, and what is even less obvious, not at all inevitable. It is one thing to acknowledge that land in our society is generally treated as a marketable item; it is quite another to assume that it has always been so and always must be so. In fact, this policy is the ultimate triumph of what has to be called the pathology of the marketplace, and has overtaken us only in the last couple of centuries.

What is particularly important about this noninevitable idea is that it permeates the entire public attitude toward land use control, at Tahoe and elsewhere. It is understandable enough for landowners themselves to want to make unrestrained use of their property. It is not quite so understandable that the rest of us should

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extend them the benefit of every doubt, should accept and act on, as a principle of fair play, the idea that we in their shoes would do the same thing. But such indeed seems to be the attitude toward development at Lake Tahoe today, and it substantially impairs the ability of those who want to control development to do battle with the multitude of large and small entrepreneurs.

The Property Tax

At a much lower level of abstraction, Tahoe is beset by the real property tax, which tends to force raw land into development. Hectoring the real property tax is not new: it amounts to a national pastime among economists. Still, it may be useful to review the supposed purposes and effects of this tax to get some sense of how it serves to frustrate efforts to protect the environment. As others have said before, the real property tax in its heydey was a distinctly rational tax. It came into being at a time when a man's landholdings were a fair measure of his income. Real estate was easy to assess and hard to hide. Promoting or discouraging "development" simply was not a relevant consideration, in any sense.

Today, of course, real estate holdings do not begin to measure a man's income, which is more likely to be obtained from his employment, or from earnings from other assets, such as stocks and bonds. And for recreational land, here is an important catch: real property taxes are levied on capital values, whether producing an income flow or not. To a large extent, taxes on intangibles normally are levied on income alone: no income, no tax. Hence any owner of unproductive or marginally productive real estate is under severe pressure either to develop it to its most productive use, or if he can't, to sell it to someone who can, and put the proceeds into IBM. That is the Tahoe story.

Special Assessments

The special assessments problem may be regarded as a variation on the property tax theme. This peculiar species of public service charge purports to impose costs of certain services on landowners in proportion to the benefits conferred on their property. While special assessments are well enough established in practice, the theoretical distinction that separates them from general property taxes is ambiguous at best. Still, they continue to be used, and rather extensively, too. At Tahoe, chiefly because of concern over water quality, there is an extensive and unusually costly public sewer program for which special assessments are a principal source of funds. While these assessments do have beneficial effects on water quality, they also serve to induce further suburbanization, in an important way.

There is, first of all, the very "special" character of the levy. The man who has just struggled through his income tax, or his Christmas bills, is hardly in a mood to be hit with an extraordinary levy that may run to thousands of dollars. Further, the people at Tahoe have long entertained the notion that they are somehow uniquely oppressed by sewer assessments. Sewer costs at Tahoe are, in fact, relatively higher than flatland sewer costs. Most of the customers also maintain homes somewhere else, and occupy their Tahoe property only a fraction of the year. In a typical instance a couple of years back, a homeowner complained that he had bought his lot for $1,500 and his home for $3,000 (both many years ago) and was now being asked to pay $6,000 for a sewer. Was this not, he asked, too much to expect him to pay for a second home? The point is, it was not. At the outset, even $10,500 is a bargain price today for a liveable home at Tahoe. If he couldn't pay the bill, it doesn't follow that he deserved help, but only that he is not one of the elect who can afford a private home at the Lake. He might, of course, be a candidate for membership in the lobby of taxpayers who want more public land at the Lake. A contribution of $10,500 from every family on the west coast would provide quite a bit of that.

The problems are, of course, magnified for someone whose interest is a piece of developable property. His conviction, almost inevitably, is that if he's going to have to pay for "benefits" he'd jolly well better get them, through building and selling. If this kind of landowner response isn't sufficient, the point is customarily driven home with extra force by the executives of the sewer-building agencies. They are the ones who have to raise the money to pay the bondholders and they know that in the long run very extensive development will be necessary to pay all the bonded debt that is being incurred.

An ironical postscript to the special assessment situation is that the aggrieved victims of these extraordinary levies have waged a consistent and largely successful campaign to lighten their burden via state and federal funds. A federal survey in 1970 showed that of $45.5 million in sewer spending in the Tahoe basin from 1965 to 1969, some $12 million came from Federal grants and another $6.4 million from highly favorable California state loans. The argument has been that the general public ought to help pay because the general public enjoys the lake. But this argument ignores the fact that visitors to Tahoe pay part of the public expense anyway through higher rents, food costs, entertainment expense, and the like. What they shouldn't have to pay for is what they don't have, namely the privilege of maintaining a year-round home at the lake. If nothing else, however, the episode suggests that we can accomplish an impressive amount for the environment if we give money to people who already have plenty.

The County Budget

The next factor that serves to push land into development at Tahoe is that the local governments that comprise the Tahoe area regularly stand to gain more in revenue from development than they lose in public service expenses. The developable portions of the Lake basin lie in four counties — two in California and two in Nevada. Structurally, they are really quite similar. Each includes a thin strip of attractive recreational land along the lakeshore and a much more conventional "downhill", with a usual array of local problems. From the standpoint of these counties, Tahoe development has to be the biggest bonanza since the departure of the gold miners. The Tahoe homebuyer is, after all, the best possible taxpayer: he invests a lot of money in a fancy place that goes on the tax rolls at a high valuation, and then he doesn't stay around to demand many public services. The situation may vary somewhat among the four, but a survey in 1970 in El Dorado County, California, indicated that property taxpayers in the lake basin section produced 52 cents of each county tax dollar, but got back only 30 cents in services. For a harried county supervisor, this gives the name of "El Dorado" real content, and surely dampens any instinct he may have to slow development.

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This of all policies is essentially fortuitous, of course. County lines go back to the early days of the state, and it would be outlandish to say that anyone gerrymandered California with a view to milking Lake Tahoe. Nevertheless, this goes a long way to explain why the California county officials have been so reluctant to support a strong Tahoe planning agency.

Federal Tax Favors for Home Ownership

Suppose a man has $40,000 to spend, and suppose he puts the money in AT&T. With his dividends, he rents himself a house. But before he rents that house he must pay federal income tax on that dividend. Suppose the same man takes the same $40,000 and buys the house. No dividends this time, but no rent payment, either. His income from the $40,000 takes the form of living in his own home, rent free. There is an important difference, however, in that this time his income is free of federal taxes. This is one place where the tax laws give middle America a subsidy the likes of which they normally reserve for oil prospectors and cattle barons. Strictly speaking, there is no justification for it. It does, one must concede, encourage home-building, and it does serve to blunt some of the injustices of a real property tax. Insofar as these are policies, however, they are policies that make sense only in conventional urban areas. But, unfortunately, they work just as well at Tahoe.

Of course not even the Tahoe homeowner buys with cash. He borrows the money, but he still gets favorable tax treatment. Even as you and I, he gets to deduct the interest on his mortgage payments. Deducting interest on loan payments makes sense when one borrows to buy business property. Interest then is a kind of operating expense that ought to be offset against the gross income produced by the business, before it is taxed. But in the ordinary home-buying situation, as explained above, the income isn't taxed at all.

Federal Tax Favors for Real Estate Investment

There is yet another essentially fortuitous aspect of the federal tax law that adds a final spin to the wheels of progress at Tahoe. Again it is tied up with home ownership but this time it is somewhat more specialized, and less understood.

The Tahoe homeowner gets tax favors insofar as he is a homeowner. But ordinarily he is more than a homeowner: he's also a business investor in Tahoe. Insofar as he is a business investor, he gets favorable tax treatment in another way, as well. This favorable tax treatment for investment in real estate probably was a major factor in the condominium development boom of the late 1960's. Suppose, for example, he buys a $75,000 condominium. He may use it himself, say, six weeks out of the year. The rest of the year he'll hold it available for rental. He may get, say, six weeks of rentals a year. But for tax purposes, if the real estate salesmen are to be believed, he'll claim that 46/52 of the time he was a rental owner and deserving of business taxpayer treatment. Thus, he can deduct the *pro rata* shares of his household maintenance expenses as "business" expenses. Moreover, as a business taxpayer he can also deduct depreciation expenses, which requires some special discussion.

As stated earlier, one of the essential elements of unfairness in the property tax is that it taxes capital stock whether productive or not. The income tax has no such unfairness. Quite the contrary: business taxpayers conventionally enjoy the right to deduct a depreciation allowance from their gross income in determining the income to be taxed. And there was a time when this depreciation allowance was supposed to bear a rough resemblance to normal wear and tear. A taxpayer's depreciation deductions were supposed to correspond to the actual rate of deterioration, so that he would run out of deductions at about the same time the building or machinery or other equipment needed to be replaced. The deduction is a paper deduction only, of course: the taxpayer deducts the depreciation in figuring how much of his income will be subject to taxation, but he still has the money to use until he has to repace his worn out asset. Regrettably, however, the innocent age of rough correspondence between depreciation allowances and capital replacement has long since gone. Nowadays, anyone but the most partisan tax lobbyist would have to concede that the function of depreciation has changed: it has become a sophisticated way of at least deferring, if not partially avoiding, tax liability.

Depreciation functions as a device for tax avoidance in various ways, but for residential and recreational property like that at Tahoe, the significant fact is that investment property isn't likely to depreciate significantly at all. In truth, if anything, it is likely to appreciate — to increase in value — while the taxpayer gets deductions for the decrease. Thus, rather than junking the investment at the end of its useful life, the owner can sell the property at a profit. With proper handling, this profit will be taxed not as ordinary income, but as capital gain. The tax rates for capital gains are consistently more favorable than the ordinary income rate. Or if the owner fails to meet the criteria for capital gains treatment, he can at least time the disposal in such a way that it is most favorable to him, as, for example, when he is old and in a low income tax bracket anyway. Thus, investing in Tahoe real estate becomes an effective means of decreasing one's tax liability.

The debate over the function of depreciation has been a running controversy for a generation now. Liberalized depreciation rules were first instituted in the years after World War II to spur investment, chiefly in machinery, and thus to increase employment. The use of depreciation as a tax dodge got to be a more or less general scandal in the middle 1960's, and Congress has limited the more extreme forms of misuse. But the possibilities are palpable enough that Tahoe real estate men were still contending this summer that one may significantly lessen the burdens of owning vacation real estate at the lake by taking the government in as a business partner.

As with so many of the other policy constraints discussed here, the idea of liberal depreciation for Tahoe real estate was not designed by an anti-ecological cabal, plotting to turn the world into a cinder. But like the others, it does promote the suburbanization of a resource that deserves a better fate. The cumulative message seems clear, and it is certainly true for other places as well as Lake Tahoe: if we really want to stop excessive suburbanization, the most carefully formulated plans and compacts won't do the job alone. We'll have to make much more fundamental changes in the rules of the game. We will have to identify and eliminate, in so far as is possible, the strong incentives for rapid suburbanization which may still make sense in some areas, but which only serve in areas like Tahoe to ensure that our best efforts to protect a unique environment will fail.

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TAHOE *(Continued from page 12)*

Deputy Chief of the Forest Service in Washington, D.C. Under Deinema's guidance, the Forest Service, which controls more than 50 percent of the land in the Tahoe basin, set up a planning team of four Forest Service officials to work in close accord with the small agency staff. The team included Robert Bailey, an hydrologist and geomorphology specialist, who provided considerable expertise in developing land capability studies upon which the first proposed regional plan was based.

A "staff plan", as it came to be known, was drafted with the help of more than 200 consultants, including experts in shoreline dynamics, plant pathology and soil science. A number of the consultants, such as law professor Ira M. Heyman and environmental planning professor and computer expert Robert Twiss, came from U.C. Berkeley and had done similar work for the Bay Conservation and Development Commission. The consultants rated every 10 acres of the 220,000 acres in the basin for their capability of supporting development based on 64 factors, ranging from vegetation characteristics to erosion potential. They then produced more than 1,600,000 items of information about the land and fed them into a computer in Berkeley under Twiss's watchful eye. Reports of the progress of the staff plan were made throughout the winter and spring at the monthly meetings of the regional agency. Agency members were invited to participate and schedules of committee meetings were announced, but no agency members ever attended.

Property Owners

Unfortunately, however, the planners neglected to tell the computer who owned each piece of property, and thus left out of their computations the one factor of greatest importance to local officials. Raymond I. Smith, Douglas County, Nevada, planning consultant and author of the Nevada basin plan, predicted the consequences of this oversight in late April when he said, "The politicians want something to hide behind, but this plan gives them no place to hide." Thus for local government and large property owners the staff plan represented a major threat to past actions and new projects, but it was a masterpiece of environmental information for those who cared. The plan paid no attention to historic zoning or to property lines, but clearly delineated flood plains, meadows, cliffs and other sensitive areas which it classified as undevelopable.

When the staff plan was unveiled at a well attended public presentation in May, the reaction of those affected was violently negative. By late June the staff plan had been through two public hearings and the cries of the affected developers, large property owners, special districts, and their attorneys had overwhelmed the agency members to the point that they quickly moved to shelve the plan. They then appointed a subcommittee consisting of the planners from the city and five counties to come up with a more acceptable plan. And to be safe, they adopted a gag rule for Executive Director Smith and his staff, prohibiting them from discussing their plan.

Secret Sessions

The new subcommittee met in secret sessions throughout the next six weeks, and occasionally Bailey and Twiss were summoned to defend portions of the staff plan. One of its major elements was a scale of allowable impermeable surface, based on geomorphic studies, for each category of land. For example, land rated 7 (the highest rating for land most tolerant of man's intrusions) would be allowed a total coverage of 30%, including driveways, roofs, parking lots and streets. Land rated 1 would be allowed no impermeable surface coverage. This range of coverage was totally unacceptable to the subcommittee of local planners because it meant that a number of attractive parcels in fragile areas were undevelopable. The development percentages also made a number of existing lots unbuildable unless the owners were able to buy adjoining property. Twiss and Bailey predicted publicly that the subcommittee would come up with much higher coverage figures, not because the land had been found to be less fragile, but because the two scientists had been outvoted. In fact, the subcommittee did not find it necessary to increase the development percentages in its subcommittee plan, but achieved the same result by excluding roads and other easements from the calculations, thereby increasing the true percentage of coverage by 30% to 50% in most cases.

Heikka Plan

Richard Heikka, Placer County Planning Director, had been named chairman of the local planners' subcommittee by the regional agency. In late August he presented to the regional agency what came to be called the "Heikka plan", a plan which its author explained was not the planners' plan, but a publicly acceptable plan. The Heikka plan is primarily a composite of the existing plans of the five counties and city. It shows thousands of acres colored green to signify general forest, an open space designation, thus making the plan look less urban, but as subdivisions presently exist in many of these areas, and a supporting land use ordinance guarantees the use of all existing lots, the open space designation is deceptive, at best.

Areas which are now zoned for commercial use are automatically granted a 70% impermeable surface coverage despite their rating as to fragility, and hundreds of undeveloped acres are zoned commercial. A comparison with the existing local maps shows that the Heikka plan generally endorses their commercial zoning. Nevertheless, the Heikka plan also met with loud cries of anger from developers, who spoke of inverse condemnation and threatened lawsuits, complaining that Heikka had applied Placer County's lower density standards throughout the basin.

Color It Green

As it was presented, the Heikka plan consisted of a brightly colored land use map of the basin and an accompanying text. The old staff plan, now called the "environmental constraints map", was included for reference only. In a surprise move, the regional agency's Advisory Planning Commission voted to include the environmental constraints map as a part of the plan. Heikka grudgingly accepted the ploy, but startled Nevada members suddenly felt rushed and looked for a way out. They found it. Governor O'Callaghan's appointee to the agency, Raymond Knisley, announced on the day before the September 22nd adoption deadline that the revised plan had not had enough public hearings (there had been two, with a third scheduled for the next day) and that further public hearings on the constraints map and the related land use ordinance would have to be held. Knisley said Nevada could not vote for the plan until those conditions had been met. "Come hell or high water, we've got to follow the law on this,"

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he said. Knisley also said that his Governor wanted a complete environmental impact study in the hands of the public before the plan was adopted.

The California members, acting again as the separate California Tahoe Regional Planning Agency, adopted both the Heikka plan and the environmental constraints map. The Nevada members refused to vote. Then the agency as a whole proceeded to fire J. K. Smith, hire Richard Heikka as its new executive officer, and impose a partial freeze on construction in the Tahoe basin. The freeze affects only new subdivisions in California, but includes all building permits in Nevada. The freeze is to remain in effect until the first four ordinances implementing the Heikka plan become effective, probably in late March.

Nevada Study

Nevada members of the agency, under the leadership of Knisley, an ex-Assemblyman, then began to take a very active role in the further delineation of the plan. Consultants were selected to prepare an environmental impact study and a committee of the most environmentally sensitive Advisory Planning Commission members was set up to meet with the consultants to provide input to the study. This committee failed to meet, however, until the day before the public presentation of the study. The study was presented orally to a hastily called, unpublicized meeting in the regional agency's offices, at which the consultants admitted to a surprising lack of knowledge of previous studies regarding various basin problems, such as studies on the effect of erosion on eutrophication of the lake and a listing of endangered species within the basin.

The printed version of the $25,000 consultants' study will be available in mid-January, but it will not offer any conclusions as to the impact of the Heikka plan on the basin environment. The consultants said they did not have enough information to reach a conclusion — they did find that 900 acres in marshes, meadows and floodplains were zoned for development under the plan, but they were unable to conclude that such development would be damaging to Lake Tahoe.

Another committee was promptly formed to work on the plan itself, but it quickly became a special hearing board for developers and landowners who wished to object to the zoning given their property. Most developers who appeared before the committee were granted changes for their lands, regardless of the rated land capability of the property. In all, the agency approved 33 changes, all but five to higher densities. Nevada agency members attended these sessions and worked out numerous changes for Nevada's portion of the basin, making it clear that their first concern was the economic impact of the plan on Nevada's special district's and counties.

BOR Report

Nevada was also able to bury a controversial and embarrassing Bureau of Outdoor Recreation study of Tahoe and the bistate agency. The study, originally sponsored by Nevada Senator Alan Bible, was intended to justify a proposed large land purchase (the Whittell estate) on the Nevada shoreline. For 15 months the BOR studied the shoreline, then the entire basin and then the agency. It concluded that Tahoe could only be protected by reorganizing the agency to diminish the powers of local elected officials, spending $110 million to acquire land for public use, and creating a Tahoe National Lakeshore, similar to the Point Reyes National Seashore. Nevada officials quickly denounced the study, and it disappeared from public view .

Following agency approval of the 33 changes to Heikka's land use map, the plan, together with Heikka's map and the environmental constraints map, was adopted by the regional agency on December 22nd. On this occasion the Nevada members did not appear to be concerned that the revised plan had not been given a public hearing.

Population Pressure

Heikka claims his plan will allow a maximum basin population of 280,000. Spokesmen for the League to Save Lake Tahoe say the figure is closer to 500,000. In comparison, the long-abandoned staff plan projected a population of 134,000, or only slightly more than the present peak summer population. Heikka's figures include no campers or day-use visitors, and he says the Forest Service won't give him accurate figures. The Forest Service states it presently has a 17,000 peak summer population on its lands and intends to develop more public areas. Forest Service officials are very critical of the plan, pointing out that although the public owns more than 50 percent of the land, the public will not get 50 percent of the population allocation under the Heikka plan. They say that if the high capability lands were allocated to camping under the Heikka plan, there could be 117,000 campers on public lands within the basin. Heikka dismisses all this by saying that there is a backlash against the public in the basin. "A lot of people don't see the need for any more public beaches," Heikka said in a recent interview, arguing that any new camping facilities should probably be located outside the basin. He was similarly unimpressed with suggestions that there be an additional public beach at the crowded south end of the lake.

Ordinance Opposed

Adoption of four implementing ordinances is the next step in the planning process, and this will certainly produce another sharp disagreement between developers and conservationists. The four ordinances deal with land use, grading, shoreline protection, and subdivision regulations. In its present form the proposed land use ordinance is opposed by the League to Save Lake Tahoe and the Sierra Club on three major points: it allows all the lots in the open space category to be built upon, and most of these lots are in highly fragile areas; it provides large increases in the permissible percentage of impervious surface for existing parcels; and it leaves all but the most major projects to local governments to administer. "It is a case of the mice guarding the cheese," says the League on this last point.

The ordinances will be adopted, essentially unchanged, January 26th, and become effective 60 days later, according to Heikka. A widely reprinted editorial from the Los Angeles *Times* predicts that when this happens Congress will take a new look at the agency. In the editorial the *Times* asks, "When is a regional planning agency not a regional planning agency?" and answers, "when it delegates its authority and responsibility to local governments." But the *Times* hasn't covered the day to day political decisions that have allowed the continuing destruction of the Tahoe environment; it is unlikely that one more weak link in a long chain of inadequate decisions for Lake Tahoe will be enough to spur the federal government finally to intervene to protect Tahoe's spectacular but dwindling splendor.

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Whether It's "Barbaric" or "a Winner," the Four-Day, Forty-Hour Work Week is Attracting Growing Interest Among State Agencies

In 1968 the Data Processing Unit of the Department of Mental Hygiene initiated a four-day week for its 15 employees. Each employee was required to work four ten-hour days each week and got a three-day weekend in exchange. Since then a number of state agencies have followed suit, some for reasons of efficiency, others simply to give employees more recreation time. At present, although no one knows for sure, there may be several hundred state workers on the four-day, forty-hour week.

Not a revolutionary plan, the four-day, forty-hour work week has been in existence for over thirty years in private industry, and was once most common in the oil industry. In recent years, over 500 companies throughout the country have adopted the plan, usually either to reduce costs or to improve their output. Among the specific objectives which have induced management to adopt the "4/40" are to: reduce absenteeism, improve labor efficiency, satisfy variations in the demand for services, gain an advantage over competitors in recruitment, or increase the number of full-time rather than part-time workers.

Reactions to the four-day work week in private industry vary. Some firms that have tried it have abandoned it because of such factors as scheduling difficulties, employee fatigue, and increased supervisory workload. Others believe it has helped them to increase production considerably. Some employees appreciate having an extra free day, while others feel that a ten-hour work day is a "step backward". Organized labor does not actively support the 4/40 plan because it is not directly consistant with labor's goal of reducing each worker's working hours. Until that goal is reached, however, unions generally do not oppose 4/40 scheduling as long as their members agree to the changeover.

Representatives of state employees have taken a similar position. Last fall delegates to the General Council of the California State Employees Association endorsed the four-day, forty-hour week "for groups that favor it". Their endorsement followed the enactment of Assembly Bill 1010 which authorized the Governor to require that the forty-hour work week "shall be worked in four days in any state agency or part thereof," provided that "the best interests of the state would be served thereby."

If the administration does seek to determine whether the 4/40 plan will be a help or hindrance to state services, there are now several agencies which should be able to provide the necessary information.

Franchise Tax Board

In May of 1969 the Franchise Tax Board followed Mental Hygiene's lead by adopting a 4/40 work week for employees in its data processing operations. The objectives were the same as in the Data Processing Unit at the Department of Mental Hygiene: to reduce "downtime" on computer equipment and to cut staff overtime. Approximately 30 employees were assigned to three shifts of 10 hours each in every 24 hour period, seven days a week. The resulting overlap in staffing in each shift was expected to permit data processing machine operators to make more efficient use of their equipment. The new scheduling also created some problems, however. According to Alan G. Hunter of the Management Analysis Office, the new plan was confusing to many employees. Payroll recordkeeping was complicated by the fact that staff could work more than the normal number of hours in one pay period and fewer the next. Fairness in scheduling holidays became a further complication, as did the fact that employees had three consecutive days off per week, but not the same days every week, an obvious inconvenience.

The results of this experiment were sufficiently mixed that the department eventually decided to put its data processing staff back on a regular five-day week. The question has not been settled, however. There are at least two major reasons why a conversion to the 4-day work week would be desirable for the Franchise Tax Board. Since the department's resumption of the five-day week, staff overtime has once more increased. In addition, as a consequence of the department's move from downtown Sacramento to the suburbs, commuting time and distance for employees have increased considerably. Experience elsewhere, most notably in the Los Angeles area, has indicated that the four-day week significantly reduces travel time and expense.

Bureau of Biostatistics

One of the most extensive evaluations of the "4/40" as it applies to state service was prepared in December 1971 by the Bureau of Biostatistics in the Department of Mental Hygiene. A report prepared by bureau chief Layle Weeks, upon completion of a 10-week experiment, states that throughout the experiment, hours on the job, the percent of time spent in work-related activity, and the percent of time spent working at a standard or better rate remained constant. Moreover, the voluntary experiment was well received by employees. "All but two of the 20 original participants in the 4/40 group have opted to continue," says Weeks, "and three of 15 original non-participants have changed over. Weeks advises other agencies which may be considering implementing the "4/40" to be certain to involve their staff from the start and to keep them informed of the results but to expect initial scheduling problems and to allow staff members to change their minds about their participation. Weeks also recommends that the regular eight-hour day be used for weeks that contain legal holidays.

Experience in these and other departments clearly suggests that those 4/40 experiments which meet with the greatest success do so because the work involved

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naturally lends itself to 4/40 scheduling. Computer operations offer one example, but there are others. Law enforcement, for example, is an area where the four-day work week has become popular. Three 10-hour patrol shifts per day give police departments a six-hour overlap between 9 p.m. and 3 a.m., the high crime rate hours. In the Department of Water Resources, it was found that by putting men who do maintenance work along stretches of the aqueduct on a 4/40 schedule during the summer, it was possible to make more efficient use of the daylight period. As an additional advantage, the department found that it saved on transportation time and expense. For similar reasons the Manpower Planning section of the Department of Public Works has been experimenting since last Fall with a rearranged work week. Fifty-seven employees in a field survey unit in District 11 (San Diego) work on a 4/40 scheduling. Manpower Planning is considering an expansion of the project because it has proved so satisfactory; productivity has increased, and 46 of the 57 employees in the 4/40 group are in favor of continuing it.

Other state agencies which have tried 4/40 scheduling with varying degrees of success are: the Department of Parks and Recreation, the Youth Authority Board, the Department of Human Resources Development, the University of California, and several state hospitals. In most cases, however, relatively few employees have been involved, often for short periods and generally without a careful evaluation of the results. One of the largest experiments was conducted recently in the Department of Parks and Recreation, involving 200 of the department's 300 headquarters employees for one month on a voluntary basis. Unfortunately, one month proved too little time to judge effectively if the 4/40 would be feasible on a permanent basis. Some incidental findings of the department's experience are worth noting, however. It was found that Fridays are the best days for employees to take off because more official holidays fall on Monday than on Friday. It was also reported that morale increased among employees on the 4/40, particularly in divisions in which morale had become a problem. Furthermore, employees doing "creative" work, such as landscape architecture, found that they were more productive on the 10-hour day than on an 8-hour day.

Whether or not the four-day, forty-hour work week will catch on permanently in state service remains to be seen. Until now, at least, most agencies which have experimented with it have done so at the request of employees wishing to "try it out". Yet some division heads report having received petitions from employees against the 4/40. Opinion apears to be divided at the management level. Bob Erbacher, Chief of Personnel in the Department of Mental Hygiene, calls the 4/40 "an uncivilized and barbaric practice" reminiscent of the "benighted days of sweat shops." He also believes that there can be no real evaluation until a whole department tries it. Layle Weeks, on the other hand, says "the philosophy behind the 4/40 is a winner. The philosophy is a three-day weekend, and it is part of our time." Mr. Weeks, who directed the successful experiment with 4/40 scheduling in the Bureau of Biostatistics in the Department of Mental Hygiene, claims that the 4/40 can be applied to all sections and would be good "for everyone". Ideally, he says, 60 to 70 percent of employees within a unit would be on 4/40, with the rest on a regular five-day schedule.

Were that to happen, more than likely it would be the top people in a unit who would work the five-day week, and as Jack Johnston, Personnel Chief for the Department of Water Resources, points out, this could present problems. "The top people would want their top people available on the fifth day, and they would also want their top people available. Where would it end?"

These and other administrative problems involved in 4/40 scheduling are holding many departments back from experimenting — or continuing experiments — with the four-day work week. Many departments in which there is a strong interest in trying the new plan would first like the State Personnel Board to prepare administrative guidelines for their agencies to follow.

According to Gary Swanson of the State Personnel Board, the board is now preparing to "take a stand" on the 4/40. "Guidelines dealing with problems such as payroll, vacations, and overtime will be available to state agencies within a month," he says. It remains to be seen, however, how many state agencies will use these guidelines to try out the four-day, forty-hour work week on a significant scale.

Legislative Summary Update

The last issue of the *Journal* contained an eight-page summary of important legislation of the 1971 session. Due to the late adjournment, the Governor had not completed action on all the measures. Listed below are the complete changes in that summary to bring it up to date. Unless otherwise specified in the Summary or this update, the bills referred to were signed by the Governor.

AGRICULTURE, Farm Labor: references to the Industrial Relations Committee should read Labor Relations Committee.

BUDGET, Local Revenues: SB 565 (Stiern) was vetoed by the Governor.

CONSUMER PROTECTION, Advertising: AB 1583-84 (Gregorio) should read SB 1583-84.

CRIMINAL JUSTICE, Miscellaneous: AB 2552 (Moretti) was vetoed.

EDUCATION, Other, Schools: SCR 150 (Rodda) should read SCR 130.

ELECTIONS, Reapportionment: As anticipated, AB 12 and AB 16 (Waxman) and SB 2 (Dymally) were vetoed by the Governor. *Voting Procedures:* SB 60 (Moscone) and AB 1229 (Waxman) were both vetoed. *Presidential Primary:* SB 3 (Alquist) was vetoed, but SCA 3 will place the proposal on the ballot.

EMPLOYMENT, Unemployment Insurance: AB 1355 (Fenton) was vetoed. *Jobs:* the appropriation in AB 1527 (Moretti) was reduced by the Governor from $4.75 million to $150,000. *Minimum Wage:* AB 30 (Warren) was not signed, but vetoed by the Governor. *Public Employees:* SB 57 (Lagomarsino) was vetoed. *Miscellaneous:* AB 490 (Roberti) died in committee, not on the floor. AB 794 (Ralph) was vetoed.

HEALTH, Nutrition: It is SB not AB 1511 (Moscone). *Abortions:* It is AB 2054 (Hayes).

HUMAN RELATIONS, Miscellaneous: SB 375 (Beilenson) was vetoed by the Governor, not defeated in the Assembly as indicated.

LOCAL GOVERNMENT: It should read AB 813 (Knox), not SB 813.

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Resources Agency Prepares Rules for Impact Statements to Implement the State's Environmental Protection Act of 1970

Approximately eighteen months ago the Legislature passed and Governor Reagan signed the Environmental Quality Act of 1970, declaring it state policy that "long term protection of the environment shall be the guiding criterion in public decisions," and requiring that every proposed new public works project include a report describing the potential impact of the project on the state's environment. This act, the product of a special Assembly committee on environmental legislation, was closely modeled after the National Environmental Quality Act passed by Congress in 1969.

Although the state law has been in effect for more than a year, the exact manner in which it will be carried out remains unsettled. The act requires state and local agencies to prepare some form of environmental impact statement for every project funded by or through the state before they may receive appropriations or grants for such projects. Last spring the Secretary for Resources, Norman B. Livermore Jr., issued a set of proposed guidelines for the preparation and evaluation of the state environmental impact statements, but these guidelines were immediately attacked from several quarters on the ground that they fall far short of the intent of the 1970 legislation. The guidelines were approved by the Resources Agency in May, but only on an interim basis, and Livermore agreed that his staff and the Office of Planning and Research would conduct two public hearings in July, review written statements and comments from interested organizations, and then prepare a much more detailed and useful set of guidelines for publication early in 1972.

Interim Guidelines

The interim guidelines provide that every impact statement is to report the "significant" consequences which a proposed project may have for the total environment, list the adverse environmental effects which cannot be avoided, propose measures to minimize the project's impact, suggest alternatives that might have fewer adverse consequences, and include comments obtained from other public agencies which have an interest in the matter. The statements are submitted to the State Clearinghouse in the Office of Intergovernmental Management, which in turn sends copies to all state and local agencies with an interest or expertise in the matter for their comments. If these other agencies disagree with the agency which initiated the report, the Resources Agency is to act as "a focal point for clarification of the conflicting comments."

Among those who raised immediate objection to the interim guidelines were the Sierra Club, the League of California Cities, and Attorney General Evelle J. Younger. Some of the strongest objections came from Younger, who said that the proposed guidelines emasculated the act as it was passed by the Legislature. In a lengthy petition Younger charged that the guidelines misstated the intent of the law and unduly restricted the scope of the requirements for impact statements, the definition of a "project" for which an impact statement must be prepared, and the application of the act to "ongoing" projects. "The Legislature's stated purposes in enacting the Environmental Quality Act," said Younger's petition, "are broad and generous ones . . . The Act builds the environment into all phases of governmental decision making."

Club's Objections

The Sierra Club similarly charged that the interim guidelines were "seriously inadequate". In the club's view, they fail to carry out "the promise of the act" because they do not make environmental considerations an integral part of agency decision-making. Nor do they ensure that the public is adequately informed prior to state action. Instead, they endorse "change" and "development", rather than protection of the environment, and they "deny the public any meaningful opportunity to assist state agencies in protecting and enhancing our state environment."

The Sierra Club and the Attorney General both argued that the 1970 statute expresses a legislative intent that all state regulatory agencies which concern themselves with the actions of individuals, corporations, and public agencies must do so with proper consideration for preventing environmental damage, and that this extends to permits and licenses issued to private individuals and corporations, as well as to public works projects. The authors of the guidelines, as well as the consultant to the Assembly committee which drafted the statute, have contended, however, that the Legislature did not intend that impact statements should be required for activities other than "governmental projects".

League's Position

The League of California Cities criticized the absence of public hearings on impact statements, and recommended that local agencies be given the "privilege" of holding public hearings on impact statements after reviewing state and regional agency comments. In addition, the League asked for appointment of an advisory committee to represent the interests of local government in working with the state to establish en-

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vironmental and land use criteria, plus consultation between the Secretary of Resources and the Council on Intergovernmental Relations in any disputes involving local governments.

New guidelines which are now undergoing review by the Governor's cabinet and the affected state agencies, are scheduled to be made public in February or March. Those who have seen a draft version of these new guidelines say that they retain the same limited definition of the term "project" which Attorney General Younger and others have criticized, but that they do provide detailed and comprehensive guides to the preparation of impact statements which will go a long way toward meeting the other demands of the critics of the interim guidelines. The new guidelines, it is said, go well beyond the simple procedural outline provided in the interim regulations. What is not clear is whether they will offer any significant opportunity for individuals and organizations outside of government to participate in the preparation of impact statements. It is reported, however, that the state regulations call for preparation and circulation of a register of projects for which an impact statement is to be prepared, much like the federal register which environmentalists favor.

Statements Required

A year ago Legislative Analyst A. Alan Post noted in his analysis of the 1971-72 Governor's Budget that few of the new capital outlay projects included in that budget were accompanied by environmental impact statements. This oversight was soon corrected, however, with some encouragement from the Senate Finance Committee, which demonstrated its willingness to delete funding for any project lacking an impact statement. This year the Analyst has received statements for every major capital outlay item and grant which is proposed for funding in 1972-73.

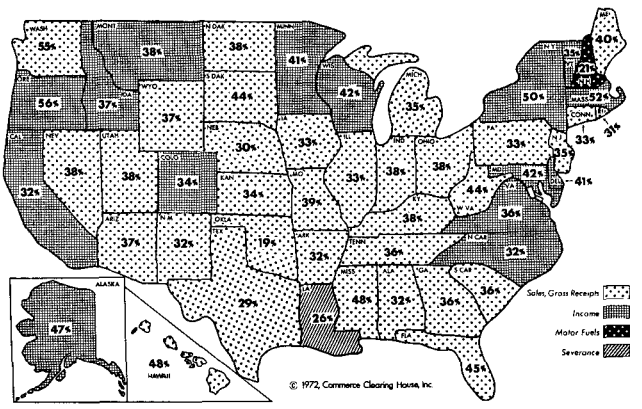
There remains the question as to the quality of those statements. At present the Legislature and the administration appear content to achieve compliance with the letter of the law, but it is unlikely to be long before serious questions are raised as to the quality of the reports being produced by state and local agencies. When this happens, the Legislature, which in effect approves an agency's decision when it appropriates state funds for a project, may find itself in the difficult position of approving impact assessments which it can actually evaluate only in a very cursory manner — unless it is prepared to develop the staff capability for a thorough examination of the findings supporting each impact statement.

First State Legal Action

While the Resources Agency was preparing to issue the new impact statement guidelines, Attorney General Younger announced that the state had entered into its first legal action to enforce the provisions of the 1970 law. In late December 1971, the Attorney General's Environmental Unit joined in a suit brought initially by the Environmental Defense Fund, Inc., against the Coastside County Water District in San Mateo County. The object of the suit is to compel the district to prepare an environmental impact statement before going ahead with construction of a water supply and treatment project.

The brief filed by the Attorney General charges that the district is proceeding with the project despite the fact that it has not yet determined the extent of the danger of salt water intrusion into the water supply, nor given adequate consideration to potential geological hazards, changes in watershed drainage patterns, and potential effects in land use in the service area as a result of the project. In announcing the state action, Younger said it was the intention of the Legislature in enacting the 1970 Environmental Quality Act to require governmental agencies at all levels to consider environmental quality changes resulting from proposed construction projects, to insure that governmental agencies "look before they leap".

Another suit based upon the 1970 act has been brought in Mono County by a group called Friends of Mammoth to block county approval of construction of two multi-story buildings in the Mammoth Lakes area. The project has been halted temporarily by superior court order pending a hearing of the issue.



Principal Sources of State Revenue in 1970-71

Total state tax collections for 1970-71 amounted to $51.5 billion, according to data compiled by Commerce Clearing House. About $15.5 billion, or 30 percent, came from sales taxes, $10.1 billion, or 20 percent from personal income taxes, $6.6 billion from motor fuel taxes, and $3.4 billion from corporate income taxes. California, which ranked second in total tax collections, nevertheless was one of eleven states for which revenues increased by only six percent or less over 1969-70. The average increase for all states was 7.3 percent.

Additional Copies of Roster

Additional copies of the annual Journal Roster of Elected Officials are available for purchase by groups and individuals. The cost is: *1-10,* 20¢ each plus 10¢ postage and handling per order (payment must accompany your order); *11-50,* 15¢ each (if you send payment, we will cover postage and handling, if you prefer to be billed, we'll add the cost of postage and handling); *51 and over,* 10¢ each.

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WIN Employment Program for Welfare Recipients Falls Short of Expectations, Draws Fire from State and Federal Studies

Over the past six years the state of California, in cooperation with the federal government, has established a number of programs aimed at reducing unemployment among various segments of the population — the economically disadvantaged, the unskilled, welfare recipients, young high school graduates, former aerospace workers, and others. There is MDTA, WIN, STEP, CEP, PSC, RAR, EST, NYC, NCES, NAB-JOBS, and, most recently, PEP, to name only the larger programs. Some of the programs which have been initiated during this period are little more than experimental pilot projects limited to a specific location and a relatively small number of persons. Others, such as the Work Incentive Program and the Manpower Development and Training Act, involve large-scale training and placement efforts on a statewide basis. Nearly all are funded primarily by the federal government through such agencies as the Department of Labor, the Department of Health, Education and Welfare, and the Office of Economic Opportunity and are administered for the state by the Department of Human Resources Development in cooperation with other state and local agencies. The largest and perhaps most ambitious of these federal-state employment programs is the Work Incentive Program (WIN).

New Program Hailed

In early January 1968, Congress took final action on a series of amendments to the Social Security Act which were intended to strengthen the administration of welfare programs across the country and to provide new ways to help welfare recipients get back into the economic mainstream. The principal program aimed at the latter objective was the Work Incentive Program, an ambitious new effort hailed by federal administrators and congressmen alike as a plan which would enable thousands of unemployed welfare recipients, male and female, to get off welfare rolls and into productive employment. According to the Department of Health, Education and Welfare, the combination of work orientation, individualized counseling, job training and placement to be provided by WIN would help some half-million welfare recipients to find employment by 1972.

Four years later, in September 1971, the Comptroller General, reporting to Congress on the findings of a study of WIN by the General Accounting Office, concluded:

> WIN has achieved some success in training and placing AFDC recipients in jobs, which has resulted in savings in welfare payments in some cases. The complete results of the program cannot be determined readily, however, because of significant shortcomings in the management information system for WIN. Complete, accurate, and meaningful information was not generally available on program costs, benefits, or operations.
>
> Because of its limited size in relation to the soaring AFDC rolls, WIN does not appear to have had any significant impact on reducing welfare payments. The success of WIN is determined largely by the state of the economy and the availability of jobs for its enrollees. WIN is not basically a job-creation program and, during periods of high unemployment, encounters great difficulty in finding permanent employment for the enrollees.

Similar studies conducted in California by such agencies as the Legislative Analyst's Office, the California Taxpayer's Association and the Wright Institute (WIN is now one of the most studied of all such federal-state programs) have produced similar conclusions. The recent Cal Tax report on WIN administration in one county (Alameda) found WIN to be a "more expensive, elaborately bureaucratized package wrapped up in a catchy title" but less effective in placing AFDC recipients in jobs than the Community Work and Training Program which it replaced. A report prepared by the staff of the Assembly Ways and Means committee and published in January stated flatly that "WIN is failing in the basic goal of preparing people for work and finding them jobs".

Roots of the Concept

WIN, as it exists today, is a highly sophisticated, contemporary program based upon a very old concept — that work is virtuous and should be compulsory for able-bodied men. The roots of this concept can be traced back to the Elizabethan Era in England when compulsory work laws were first enacted. A labor shortage resulting from the ravages of the Black Plague led to passage by Parliament of the Statute of Labourers which stated that all men and women "able in body and within three score years" were to accept employment from those who sought their services, thereby reducing the labor shortage and avoiding the perils of crime and vice associated with idleness. Later, when the movement to the cities created a surplus of labor, the Elizabethan Poor Laws were enacted to provide public assistance and work houses for the unemployed, and the Statute of Labourers was reinforced by an act to "banish idleness and advance husbandry" through compulsory labor.

This age-old concept that public assistance for the poor must be linked to compulsory employment for those who are able-bodied survives today in WIN and

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similar programs. When Congress in 1961 authorized the states to extend Aid to Families with Dependent Children (AFDC) to families with an unemployed father (AFDC-U), it was inevitable that a job program would also be established. This was done in the same year with creation of the Community Work and Training (CW&T) program intended to make it possible for fathers in AFDC-U to "work off" their assistance. In 1965 Title V of the Economic Opportunity Act provided for a Work Experience Program which put more money into CW&T, authorized cash grants plus work or training expense assistance where there were no CW&T programs, and extended job and training assistance to AFDC mothers.

The Department of Health, Education and Welfare subsequently recommended to Congress that this kind of program be made a permanent part of the welfare program. HEW's recommendation was accepted by Congress in the 1968 amendments to the Social Security Act, which gave HEW responsibility for selecting and referring welfare recipients for the new Work Incentive Program and gave the Department of Labor responsibility for accepting, training and placing in jobs those welfare recipients referred to it. This same distribution of responsibility (between the state welfare and employment agencies) was established in the enabling legislation passed that year by the California Legislature.

WIN Objectives

The three principal objectives of WIN are: (1) to find jobs or on-the-job training for "employable" AFDC recipients; (2) to provide training and counseling for those whose employment potential can be improved; and (3) to set up special projects in public or certain nonprofit agencies to provide at least temporary employment for persons who are otherwise judged to be unemployable. Thirty counties, which account for approximately 75 percent of the total number of AFDC recipients, now participate in the program.

The county welfare department in each county is responsible for referring AFDC recipients to WIN, as well as to other employment or training programs. When WIN was begun, priority for program "slots" was given to those then participating in CW&T programs, unemployed AFDC fathers, unemployed AFDC mothers with children of school age, and mothers with children of pre-school age, in that order. Women are enrolled as "volunteers" and may drop out at any time, but an unemployed father must demonstrate "good cause" if he refuses to participate (the principal grounds for exemption are bad health, a physical disability, enrollment in an educational program, excessive distance from potential employment, and need to care for someone in the home).

In practice, a few county welfare departments are very selective, in some cases referring those who are judged to be most employable to other job programs, but others refer virtually every AFDC-U father to WIN. The WIN administrators in the Department of Human Resources Development, however, are not required to accept all those referred to the program, and they frequently reject "inappropriate referrals" based upon their assessment of each individual's ability to benefit from WIN training and placement services. It takes the welfare recipient an average of two weeks from initial referral to authorization to enter the WIN program and to begin receiving the special monthly "incentive pay" of $30.

Employability Team

Once the individual is enrolled in WIN, he or she is assigned to a counselor who is to make an "in depth" assessment of the amount and type of training the individual needs (within available resources, of course) and to prepare an "employability plan". These services are provided by and through a WIN "employability team", which usually consists of a counselor, work and training specialist, manpower specialist, "coach" (for follow-up services), group leader, and clerk. It is the responsibility of this team to prepare and help each enrollee to carry out his or her employability plan. Other assistance, such as that of a social worker or a teacher, may be provided as needed. Each team is expected to handle a case load of 200 WIN enrollees.

Depending on the enrollee's level of "employability", he or she may be assigned next to one of several components of the WIN program. Those determined to be least ready for immediate employment are assigned to four weeks of employment orientation intended to "acquaint the enrollee with the world of work, to provide him with an opportunity to focus on the reasons why he is out of work." (According to the Cal Tax study this can best be described as "an insult to the intelligence of the jobless person.") The next phase, which can be entered directly or after orientation, is basic education and vocational training. Basic education is provided for enrollees who lack the schooling necessary to hold down most jobs or to profit from vocational training. Enrollees may also be placed in educational courses designed to enable them to pass the General Educational Development test and thus obtain the GED certificate which is equivalent to a high school diploma.

Those enrollees who are believed to have sufficient education may be placed either in vocational training or work experience training. The latter is intended to give enrollees "central work experience that develops marketable skills" on a job in a public or nonprofit agency. Enrollees may also be assigned to on-the-job training provided by private employers under contract with WIN. Apparently in the past year the Department of Human Resources Development has given preference to welfare recipients who already have "marketable" job skills and therefore do not require basic education and skills training. The percentage of enrollees who had marketable job skills when they entered the WIN program rose from 11 percent in July of 1970 to 29 percent in June 1971.

The program also makes provision for "special work projects" for which public agencies and certain private nonprofit agencies are eligible to contract for enrollees on a temporary basis. These projects are intended to provide some form of employment for those welfare recipients for whom it is believed training and regular job placement are not possible. In practice, however, very little has been done in this field, and only a handful of welfare recipients have actually been assigned to special work projects.

(Continued on page 31)

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California Journal / *NEWSBRIEFS*

Special Election in 76th Assembly District

Republicans Bud Porter and James H. Ashcraft were said to be running neck-and-neck on the eve of the February 1st special election for the 76th Assembly District. The seat was vacated last November when Assemblyman Pete Wilson was elected mayor of San Diego. Sixteen candidates were vying for the seat: ten Republicans, four Democrats and one each from the Peace & Freedom and American Independence Parties. Democrats have only a slight registration edge, making the district strongly Republican if previous voting patterns hold up.

Porter has served as legislative advocate in Sacramento for the City of San Diego for many years. Ashcraft, who lists himself as a businessman, is the son of former Assemblyman Hale Ashcraft. Among the Democrats, Bob Wilson, an attorney, had the advantage of having the same name as San Diego's long-term incumbent congressman, although they are unrelated. Dan Finnegan, a former priest, had most of the organized Democratic support.

If no one wins more than fifty percent of the vote, the top candidates from each party will face a runoff February 29th to earn the dubious distinction of running in four elections in one year (February 1st, February 29th, June 6th, and November 7th).

NEA Ranks California Education Support Down, Then Up

On January 10th the annual National Education Association rankings of total expenditures per public school student put California at a low 31st, with $835 per student, bringing reactions of "outrage" from Assemblyman Leroy Greene and "very dismaying" from Wilson Riles, state superintendent of public instruction. The Reagan administration was held responsible, since California had dropped steadily in the NEA ratings, from sixth in 1967 to twenty-fourth in 1971, the years the Governor has held office. Two factors, reduced state aid and the refusal of local districts to override taxes, combined to create the expenditure decline.

Governor Reagan immediately charged that the NEA report was "inaccurate" and said the report "added apples and oranges and subtracted grapefruit." He was quickly vindicated when, on January 18th, the association found an error in its figures and moved California up to 16th place ($916 per student). The presumably correct ranking, based upon a lower student enrollment than was first reported, still places California behind most other industrialized states, but higher than it has been since 1969. In any case, however, the initial NEA error did little to add to the credibility of the association's rating system.

Adult Authority Announces New Parole Date Policy: Powers Contested

The Adult Authority this month voted to modify California's indeterminate sentence law and give most convicts tentative release dates, voicing an expectation that this change will provide many inmates with "hope and motivation". Under the new system, inmates in prison, except those with life terms or "behavior" problems, will receive a parole date within six months of their entering prison. The prisoner's "contingency parole date" will be scheduled from six months to several years after his first hearing before the parole board and will be reviewed annually. In addition, inmates will be required to fulfill a "program" which may include vocational, educational and psychiatric counselling. Raymond Procunier, Director of the Corrections Department, said the new policy will enable convicts to see a connection between their behavior and their date of release and take the "maybe" out of prisoners' lives. The new policy began February 1, 1972.

Also this month, a coalition of prison reform organizations filed suit in Sacramento County Superior Court to have all existing prison rules and regulations of the Department of Corrections and the California Adult Authority invalidated. In the suit they contend that both agencies act as quasi-legislative bodies and, as such, are required to hold public hearings after sufficient public notice, prior to taking action upon prison rules or regulations. In the past, the two state agencies operated under the assumption that their rules related solely to the internal management of the prisoners. Public Advocates, Inc., the San Francisco law firm which filed the suit, says the Legislative Counsel and the California Secretary of State have issued opinions which agree with their claim.

Investigators Probe Charges Against Division of Industrial Safety

The State Division of Industrial Safety, which is responsible for enforcing state laws to protect workers in hazardous occupations, became the object of multiple investigations in January stemming from charges that it has failed to prosecute contractors who have violated state safety laws and regulations. Testimony at a two-day hearing of the Assembly Select Committee on Industrial Safety January 13th and 14th brought out allegations that the division had been lax in enforcing safety regulations, particularly on construction projects, had made errors in interpreting safety laws, and had failed to back up its own safety engineers in the field when they found violations. Committee chairman Jack Fenton reacted to the testimony saying, "I think the division stinks, absolutely stinks." Fenton noted that the division had prosecuted only five safety regulation violaters in each of the past two years, as compared with 21 in 1966, and that fines had also dropped from $3,500 to about $1,800 in the same period. These and other facts, including detailed information that reports of violations by field personnel had been ignored by division officials, were the product of an investigation conducted by the committee's staff following the death of 17 workers in a tunnel being constructed in San Fernando Valley.

On the second day of the hearing, division chief Jack F. Hatton told the committee that he had offered his resignation to Governor Reagan. Hatton, who was appointed by Reagan in March, 1967, was the target of repeat-

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ed charges that it was he who had blocked efforts to enforce safety regulations against contractors. Reagan withheld action for several days while Director of Finance Verne Orr conducted a rapid investigation for the administration. Then on January 27th Reagan announced that he had accepted Hatton's resignation and that the administration had started a full-scale study of the division with the aid of a large staff of auditors.

The Assembly committee is scheduled to meet again on February 22nd to hear the conclusions of the Governor's study as well as other evidence produced by its staff. Assembly Speaker Bob Moretti told a press conference on January 27th that Governor Reagan himself must be held responsible for the accidents which have occurred as a result of the failure of the state to enforce safety laws.

Reagan Announces Plans for New Legal Aid Agency for California's Poor

This month the Reagan and Nixon administrations announced plans for "a bold new experiment" to improve the quality and availability of professional legal services for California's poor. A new corporation, called the California Legal Services Foundation, for which the governing board is yet to be appointed, will design and implement a test of various ways of delivering legal services, with the objective of developing a comprehensive program to provide legal aid to the state's poor through private attorneys. Federal funding in the amount of $2.5 million will be provided through the Office of Economic Opportunity. In his announcement Reagan said the new agency would go through a 90-day planning period during which the state OEO will ask for comment "from all interested parties" about the makeup of the governing board of the new corporation. Afterwards the state OEO, with the concurrence of the director of the federal OEO, will select the foundation's board.

The corporation will be Reagan's alternative to California Rural Legal Assistance, the OEO sponsored agency which the Governor charged in December 1970 with failure to serve the poor and "gross" violations of federal regulations. A Reagan Aide denied the new corporation is designed to supplant the CRLA, saying "this is designed to find out what is the best method to provide legal services to the poor." CRLA Executive director Cruz Reynoso said that he will try to involve poor people in the planning process for the foundation. "We look forward to the possibility that this experiment will help provide better legal services to the poor. Only a small portion of the legal needs of the poor are being met at present.

US Bureau of Reclamation Shelves Plan for Building Eel River Dam

On January 19th the US Bureau of Reclamation announced that it has decided against going ahead with construction of a 553-foot dam on the Eel River at English Ridge in Mendocino County. According to bureau spokesmen, the proposed dam, which would have cost $191 million to build, can not be justified at present either as a source of water for export to central or southern California or to provide water for scattered users in neighboring counties.

Earlier indications that the bureau intended to go ahead with the dam aroused strong opposition from conservationists, fishermen and local groups who oppose the construction of additional dams on the north coast rivers. Last year environmentalists used the proposed construction of the English Ridge dam as an argument for passage of SB 107 (Behr) which was intended to preserve major portions of the Trinity, Klamath and Eel Rivers in a free flowing state (see *California Journal*, November 1971, page 296). The bill failed on the Senate floor but has been reintroduced in the 1972 session. Backers of the bill recently gained suport for their position from a report by the Department of Fish and Game stating that the proposed dam would have "many adverse effects" on salmon and steelhead runs in the river and would result in "sizeable losses" of valuable wildlife habitat in the area. Senator Randolph Collier, chief opponent of last year's wild rivers bill has this year introduced legislation of his own, SB 4 which gives protection to the Trinity, Smith, Scott, Shasta, and Klamath Rivers but not the Eel. Supporters of the Behr bill now hope that Collier will add the Eel to his bill.

Hoover Commission Subcommittee Charges Highway Mismanagement

A Little Hoover Commission subcommittee has charged the State Division of Highways with ineffectively managing $100 million in excess state lands acquired for freeway rights-of-way. "The result is a significant loss of revenue for the government and an unnecessary drain on our taxpayers," said the subcommittee chairman Nathan Shapell, a Beverly Hills building contractor. The Commission, responsible for promoting efficiency and economy in government, pointed out these examples of ineptness: parcels of land acquired for possible future use had been held for as long as 40 years without use and with no real effort being made to dispose of them; land worth $15 million was "lost" for a period because the Division of Highways "didn't know they had it. It didn't show up on any inventory." Shapell said there was also a lack of centralized authority as well as a record of differing procedures and policies on excess right-of-way among various division districts.

Charges regarding right-of-way mismanagement were first made in 1966. State Public Works Director James A. Moe, whose department has jurisdiction over the Division of Highways, said steps have been taken in recent years "to eliminate major deficiencies" listed in the subcommittee report. He also said that improvements in the past two years "are now beginning to show good effect."

Hearings by the Senate and Assembly Transportation Committees and the full commission were scheduled in late January and focused on the accuracy of the accusations and the division's right-of-way acquisition and management procedures. H.R. 9 (Deddeh) calls for additional study of highway lands management.

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BUDGET *(Continued from page 6)*
system through 1970-71. Reagan also announced plans to begin preparing to close San Quentin, the state's oldest prison.

Expenditures for Youth Authority activities are to rise only very slightly over adjusted expenditures for the current year — but again only after the current year budget is increased by $2.5 million to make up a deficiency in last year's budget. The additional funds for 1972-73 will go to the local probation subsidy program, which has permitted a very substantial reduction in the number of youthful offenders sent to state institutions since it began in 1966-67.

Education

Total budgeted state expenditures for the public schools for 1972-73 amount to slightly more than $2 billion, an increase of $128 million over estimated 1971-72 expenditures. Of this $2 billion, $1.3 billion is for basic and equalization aid for the operation of the schools, and approximately $.7 billion is for aid for specific purposes (e.g., special education, vocational education, instruction for the educationally disadvantaged, etc.) An additional $54 million is allocated to the Department of Education, for administration and other purposes.

In his message to the Legislature, Governor Reagan stated that his 1972-73 budget provides "one of the largest budgeted year-to-year increases for the support of local schools in California's history." The validity of this claim depends in large part on what figures are included. In terms of support for the schools themselves, the Governor's Budget provides an increase of $65 million in "new money" to be added to the regular apportionments, plus a net increase of $19.5 million for other purposes. Apparently, however, the Governor was also including the amount of $42 million provided under the terms of AB 543 (1971 session) for increased teacher retirement benefits, $2.1 million for increased state administrative costs, and $115 million added to the General Fund contribution to the Teachers' Retirement Fund.

State expenditures for higher education will go up by $127 million, or nearly 15 percent, in 1972-73, according to the Governor's Budget. A large part of this increase, $42.6 million, is for UC and state college salary increases. The next largest increase, $41.5 million, is to go to the state colleges (soon to be the California State University and Colleges) to provide for an estimated enrollment growth of 11,680 students plus a $4.5 million "Innovation Fund." The University is to receive an additional $18.7 million. According to Legislative Analyst A. Alan Post, this is $700,000 short of the amount necessary to maintain the current level of UC support, after adjusting for inflation, and does not provide for the estimated enrollment increase of 1,287 students.

The largest percentage increase in new funding is to go to the State Scholarship and Loan Commission, which administers several state student financial aid programs (see *California Journal*, Dec. 1971, p. 344). The commission is to receive an increase of $8.2 million, or 41 percent, to finance continuing expansion of the State Scholarship Program, a resumption of funding for graduate fellowships, a doubling of the College Opportunity Grants, and a new program to reimburse private medical schools for increasing their enrollments. In his state-of-the-state message Governor Reagan said he would like to assign responsibility for all student financial aid to the commission, a proposal which is likely to generate little enthusiasm among UC and state college officials.

Resources

"This budget provides a substantial increase in funds to further protect and preserve the quality of California's environment," said Governor Reagan in his budget message. In compliance with a 1970 directive from the Assembly, the Department of Finance has prepared a consolidated estimate of expenditures for "environmental preservation and enhancement" which shows total expenditures rising from $254 million to $285 million in the budget year, despite a reduction in General Fund support from $95.9 million to $91.2 million and the absence of any significant new programs for environmental protection. The $31 million increase in total expenditures results from inclusion of $33 million in proceeds from the 1970 bond act to provide for construction of sewage facilities.

Salaries

A year ago Governor Reagan noted in his budget message that he had not provided funds for a general salary increase for state employees because of insufficient state revenues and his unwillingness to raise taxes for that purpose. He held to that position throughout the 1971 session, vetoing every salary increase bill sent to his desk by the Legislature, despite increasingly bitter attacks from representatives of state employee organizations. In late December, however, following an announcement by the California State Employees Association that it would seek to place an initiative on the June ballot to deny the Governor veto power over salary increases, Reagan dramatically revealed that his 1972-73 budget would include $95.8 million in salary increase funds, enough to give state civil servants a five percent increase and University and state college faculty a seven and one-half percent increase. In announcing this plan, the Governor commented that he had never denied that state employees deserved a raise and that he was pleased that the projected upturn in the economy and in state revenues made it possible to provide an increase in 1972-73. The Governor's announcement appeared to cut much of the ground from under the CSEA's initiative plan, but it still fell short of the increases recommended by those state agencies responsible for presenting annual salary recommendations for state workers.

Tax Relief

The total 1972-73 cost to the state for local property tax relief (to provide revenue to replace state mandated reductions in property tax levies) is shown in the budget as $315 million. This figure does not include, however, the increase in senior citizens property tax relief and the extension of the partial property tax exemption for business inventories provided by the 1971 tax legislation. If those actions are included, the total comes to $464 million, an increase of $112.3 million over estimated costs for the present year. Included within this total are $55.2 million for senior citizens tax relief, $143.5 million for the 30 percent business inventory exemption, $13 million for open space reimbursements, and $252.3 million for homeowners' property tax relief.

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Reagan's 1972 State of the State Message

The following is the complete text of the state-of-the-state message to a joint session of the California State Legislature by Governor Ronald Reagan, January 6, 1972.

The last time we met under these same circumstances, the theme of my remarks was one of reform and austerity. Our state had reached a crisis in welfare and Medi-Cal demanding a massive change of direction if we were to avoid bankrupting both the spirit of those who receive public assistance and the pocketbooks of those who pay for it. Austerity was urged in state expenditures because the transition from an inflated Vietnam war boom to a peacetime economy had adversely affected our revenues.

Economy Improving

While we are still undergoing that transition, there are indications that the economy is on an upward curve. The President's national economic program is accomplishing its goals and inflation is being slowed. Our own revenue structure is being stabilized thanks to the withholding measure enacted during the special session. But we shall be just as diligent in seeking economies as we have in the past. With the average citizen spending almost a third of his work week just earning the money to pay his taxes, there is still an urgent need to reduce the size and cost of government.

Those working men and women who — if I can paraphrase — never have asked what government can do for them, but have constantly been told what they can do for government — are the social and economic backbone of our state. They deserve more consideration than they have had from all the governments they pay for with the fruit of their toil.

The last legislative session was the longest in the state's history and yet long-time problems remain unresolved — problems in educational finance, property tax reform and environmental protection.

Economic Opportunity

Our young people between 18 and 21 have achieved the vote since we last met. Legislation you passed and I signed confers at age 18 nearly all adult rights and responsibilities. Absolutely essential to the promise of full citizenship and a share of the opportunities our society offers is the availability of work. We must continue our efforts to stimulate job-creating industries. This means broadening and diversifying California's economic base to assure further employment opportunities for citizens displaced from their jobs in defense-oriented and other changing industries.

This does not mean abandoning our great aerospace industry which still provides thousands of job opportunities for our people. One project alone, the space shuttle program, would mean another 45,000 jobs and an ultimate $12 billion boost to the California economy. We feel our state is the logical site for this program. And we hope Congress and the national administration will agree. Lieutenant Governor Reinecke played a major role in the successful effort to obtain federal financing for our largest defense contractor, a step that preserved and generated thousands of additional jobs in California.

Economic Well-Being

We have moved vigorously to promote development of industries that can help provide prosperity in the generation of peace that is now a major national goal. With your help, we have created the California Commission for Economic Development to expand trade and generate new job opportunities by encouraging the location and expansion of business and industry in California. We share with the private sector a deep concern for the economic well-being of all Californians.

To help ease the plight of the unemployed you passed and I signed legislation to increase maximum unemployment benefits from $65 to $75 a week — the first such increase since 1965. Substantial improvements were made in the state's workmen's compensation system. The increases — worth $142 million a year in new benefits for California workers — are the largest package of social insurance benefits in the state's history.

Re-Evaluate Needs

We are now asking leaders in the private sector and labor to join with us in re-evaluating the economic needs of California citizens and to determine what we in state government can do — or stop doing — that will further improve the economy of our state and thus improve the economic well-being of all Californians. The results will be made available to you for appropriate action. One thing we must do is to come to grips, once and for all, with the hodge-podge accumulation of federally-mandated manpower programs. Right now it is impossible to catalogue them or learn whether there is costly duplication. Nor do we know if they provide training for jobs that no longer exist.

Farm Labor

California's agricultural industry contributes more to this state's prosperity than any other industry. It does so in spite of a serious deficiency — a lack of effective laws on agricultural labor-management relations. Bills to establish a system of union representation elections for agricultural workers have failed both in Congress and in the state Legislature. We can no longer defer action on this problem. It is absolutely imperative

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that we enact in this session legislation guaranteeing California's agricultural workers the right to choose, by secret ballot, whether they want to be represented by a union and if so, by which union.

Welfare Reforms

The Welfare Reform Act of 1971 which together we enacted is unquestionably the most significant social legislation in California's history. Already we are achieving our goal of increased aid to the two-thirds of the welfare population with no outside income while at the same time we eliminate costly abuses through stricter eligibility standards. Our reforms have halted the upward climb of welfare dependency. No longer are we adding 50,000 new cases a month to our welfare caseload. At the end of November, there were 151,000 fewer people on welfare and general relief than there were last March. Obviously, we must at some time expect a leveling off of this decline, yet, if we had not passed these reforms, welfare during these last eight months would have cost the taxpayers another $100 million.

After months of preparation and negotiation, we have applied to the Department of Health, Education and Welfare for permission to implement a realistic and reasonable demonstration project to make work experience opportunities available to able-bodied welfare recipients. When this project is in operation, it will include 35 of California's 58 counties and involve about 58,000 employable welfare recipients in constructive work. The able-bodied who refuse to participate, without good cause, will be removed from the welfare rolls.

Several of the laws we worked months to achieve have been challenged in the courts for various reasons and sometimes it seems for no good reason at all. If legislation is indicated as a result of these legal actions, I will request its passage. In the meantime, I shall ask that you approve legislation to:

- Improve enforcement of child support laws involving absent parents;
- Establish the system of fairly apportioning welfare funds we requested last year, a step that will allow increased benefits for the truly needy and prevent people with significant outside incomes from claiming welfare assistance unfairly;
- Impose tighter and more realistic standards on the amount of property a recipient may own and still be eligible for welfare;
- Increase incentives for able-bodied recipients to work.

Medi-Cal Reform

Passage of Medi-Cal reform was another major milestone. Not only does it provide significant improvements in financing the program, it also broadened the coverage to include an estimated 800,000 needy Californians formerly served by county health programs — at tremendous cost to local property taxpayers. For the first time, a single standard of care is available to all needy citizens — within a system of comprehensive services that includes reasonable controls to curb abuses. These reforms have reduced the cost to the taxpayers an estimated $208 million in state, local and federal funds.

Our long struggle to put Medi-Cal and welfare on a realistic financial basis has been focused primarily on the least affluent segment of society. Obviously our citizens of great affluence can take care of themselves. But in between these groups is that same great majority of our citizens I mentioned earlier — the working men and women who underwrite the whole system. In some ways they are becoming the truly disadvantaged.

Now it is true that more than 85 percent of all Americans under 65 have, through their jobs, some type of private health insurance. Such insurance takes care of most health needs. But if they or members of their families are stricken with an extended, catastrophic illness — being too young for Medicare and too affluent for Medi-Cal — they face financial disaster.

I am unalterably opposed to so-called nationalized health insurance which in fact is socialized medicine. But I believe it is possible to develop a system of health insurance to protect every Californian against the economic catastrophe that often accompanies extended illness. Some will suggest we should wait for a federal solution to this problem. I do not share that belief nor do I believe this state should act hastily and impose on the taxpayers a medical subsidy which would increase the inflation of medical costs and exchange an excessive medical bill or insurance premium for an "excessive" addition to the tax burden. We are going forward with research on this subject and will report our findings to you shortly.

Venereal disease has reached epidemic proportions among our young people. A citizens task force we established last year has recommended an all-out counter attack. One recommendation is that all public schools conduct venereal disease prevention courses. I am in whole-hearted agreement with this recommendation. However, there is at present a lack of adequate instructional material and a shortage of qualified teachers. In cooperation with the state superintendent of public instruction, we are moving to fill this void. We are undertaking a program of training workshops for teachers. The Public Health Department will have more than $200,000 during the next six months to assist this educational effort and to hire more casefinders. We are urging every school district to join the battle against VD by instituting venereal disease prevention courses. They already have the authority to do this under existing law.

Consumer Protection

During 1971, the new State Department of Consumer Affairs extended its activities and helped achieve legislation to protect the public against unwanted mailed merchandise, abusive credit card practices and high pressure door-to-door salesmen. The report of this department provides more detail on this increased scope in consumer education, consumer protection and in providing a greater public voice on licensing boards. But I would like to give special mention to the department's role and the industry's help in supporting legislation to create the new Bureau of Auto Repair — to deal with unscrupulous practices which victimize consumers.

Another consumer innovation which has been widely discussed in recent years is no-faut automobile insurance. Such a system could help relieve the present

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overcrowded dockets in our court system. In Los Angeles County, personal injury cases involving auto accidents account for nearly 80 percent of all civil jury trials. A modified system of insurance, tailored specifically to meet California's needs, could accomplish other desirable ends. There is a potential for substantial savings in premiums and the prospect of eliminating some of the red tape involved in settling claims. We must find that system of automobile insurance that will best meet the needs of our citizens.

Unfinished Tasks

The most urgent unfinished tasks before us involve our educational system, its financing and direction and the equally important necessity of providing comprehensive property tax relief for millions of over burdened California homeowners. The issues are closely related. It is impossible to discuss property tax reform without considering the impact on educational finance.

We have tried for three years to adopt a comprehensive property tax reform program. Again I ask you to work with the executive branch and with Wilson Riles to eliminate the chronic crisis in public school finance by shifting the burden from the homeowner to a broader based tax. Time is growing short. If we fail this year, the people may act themselves through the initiative process.

The State Supreme Court opinion pointing out the inequities of the present system of financing local schools merely emphasized something we all know. We need sweeping changes in the present system of financing local schools (K-12) to:

- Reduce reliance on the property tax.
- Simplify the method of distributing educational funds.
- Equalize educational opportunities for all Californians by providing a basic amount of financial support for each student in every district.

Public Education

This done, we can get on to other equally important needs in education: preparing every youngster for his own academic or career goals and including sufficient training to give each graduate at least an entry-level "salable skill" in the world of work. Despite its problems, our educational system has responded remarkably well to what we have asked, and still we want schools to do more and more. It is time now for greater reflection on realistic priorities. We must create an atmosphere in education that will welcome effective programs designed to achieve specific objectives.

Too many of us — when we have a problem — approach it by saying: "There ought to be a law." Maybe this should be reversed in education. It requires a book three inches thick to list all the directives and mandates contained in the education code. Last year, nearly a thousand more were proposed. It is just possible we need fewer laws but greater flexibility and control at the local level.

We must examine the potential of year-round operation. And the voucher system — providing a grant for students to use at the school of their choice — should be tested, at least on a limited basis. I will again support legislation to establish a pilot program.

In higher education, probably the most widely noted recent legislation was your action granting university status to those of our state colleges which deserve that designation. However, we do not intend any major changes in the existing function of the various segments of higher education. I am confident that the various studies now under way on our Master Plan will find that the defined difference in function between the University, the state colleges and community colleges must be maintained.

Student Aid

Our system is based on a commitment that every youngster should have the opportunity to develop to the utmost of his desire and ability, regardless of his financial status. We therefore have increased support for the state scholarship and loan commission from $5 million five years ago to $28 million in the forthcoming budget. Yet it is becoming increasingly clear that there is insufficient coordination between various student aid programs, a lack of guidelines and possibly too much administrative overhead costing dollars that would be better spent in aiding students. I believe it would be desirable to have all state-financed student aid programs handled through the scholarship and loan commission.

The fact that we have tuition at the University of California and not at the state colleges has created an undesirable inbalance in higher education. I strongly urge you to give the trustees authority to determine the amount of tuition at the state colleges and the purpose for which it will be used.

Ultimately, I believe we will find that the fairest method of assuring higher education to all who can profit from it will be the establishment of a deferred tuition plan allowing students to pay their share of the cost over a period of at least 20 years after graduation. In the meantime, however, there is one deserving group which I feel you will agree is worthy of special attention. I urge you to take action to assure free tuition at the University of California and the state colleges for the sons and daughters of American servicemen who are prisoners of war or missing in action in Southeast Asia.

Tax Reform

You will be pleased to know the withholding measure you enacted in the special session should end the state's chronic cash flow problem even after we share with the people of California the so-called "withholding windfall" by giving every citizen a one-time 20 percent tax credit on the income tax due April 15th.

Several tax reforms we have long been seeking are part of the revenue package you adopted; a minimum state income tax, reduction of the oil depletion allowance, and $46 million in new property tax relief for our senior citizens ranging from 32 percent for those at the $6,000 a year income level to more than 80 percent at $3,000 a year and below. This will help our senior citizens keep the homes they worked for most of their lives. We must do as much for other home owners. And while we must recognize the need for new sources of revenue for local government, I still maintain there is no need for any general state tax increase for new spending.

(Continued on next page)

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Economic necessity required us to forego general salary increases for state employees this past year. There was never any question in our minds that our civil service employees deserved an increase. With the five year growth in California there has actually been a decrease in the number of state employees. This means in many departments, the workload increase has been absorbed with no increase in staff. We are happy this year that we can recognize their dedication by including in the budget $95.8 million for salary increases and for correcting salary inequities. (This is equivalent to a 5 percent salary increase for state employees and 7½ percent for academic employees of the University of California and the state colleges.)

The budget also will include approximately $65 million of new state support for schools — over and above that allocated under existing formulas. This year, we are going to do something that is long overdue with regard to the state budget. We are going to submit it in two parts as we logically should have been doing for a long time. When the intricacies of accounting make a return of money to the taxpayers show up as an increase in the cost of state government, it is easy to understand why citizens have trouble keeping an eye on government. Roughly two-thirds of the state budget is money collected by the state but returned to cities, counties, school districts and local programs. The other one-third of the budget covers the actual cost of state government.

Lumping them together makes it difficult for the citizen to keep track of where the increased expenditures take place. For example, the $46 million in tax relief for senior citizens you just passed appears as a $46 milion increase in the budget. So the first part of the budget we submit will be for those monies we return to local entities. We will follow this with a second section covering the cost of actually operating state government. In this way, the taxpayers can better check on our stewardship.

Corrections Reform

There has been a great concern nationwide about the need for prison reform. And there seems to be a lack of knowledge among Californians as to where our state stands. In recent years, our correctional system has become a model for the nation. Our rehabilitation and parole program is 76 percent successful in returning convicted offenders to useful and productive roles in society. We have single cell occupancy in every prison. I don't believe any other major state has achieved this. Our experiment in allowing family visits to inmates has proven successful and is now regular procedure in most of our penal institutions.

This effort at effective rehabilitation does not mean we have a soft attitude on crime. It is realistic recognition of the fact that more than 90 percent of all prison inmates will eventually be returned to society.

We still have problems — some created by our own success. As the number of inmates has declined, the percentage of so-called "hard-core" offenders has increased and this has increased the potential for violence within our prisons. Two years ago, I called for a complete study of our correctional system. The results of that study are now being reviewed. During this session a program to continue improving our correctional system will be presented.

Following the tragic incident at San Quentin last year, I directed the Board of Corrections to make a special study of violence in the prisons. The board recommended and we added 405 new security and other positions, including two new psychiatric units. I ask you to continue this increased staffing level. The new state budget will include funds for planning new maximum security facilities. We will also take the first step toward closing San Quentin Prison. San Quentin, which once housed up to 5,000 inmates, will be held at an average population of 1,500 during the next fiscal year and we hope to close it completely by the end of 1974.

In the area of crime fighting and law enforcement, innovations are going forward. Attorney General Evelle Younger tells me we are now experimenting with a new method of transmitting fingerprints from Los Angeles to Sacramento in less than a second by bouncing signals off a satellite hovering over Australia.

I am asking the California Council on Criminal Justice to explore — in cooperation with local law enforcement — the possibilty of establishing regional Criminal Justice Training academies similar to those operated by the California Highway Patrol and the FBI. We must give law enforcement the technical tools they need to fight organized crime. So again, I ask you to authorize electronic surveillance under strict court controls.

Last year I asked you to make the killing of a law enforcement officer while on duty first degree murder. Since then the Capitol flag has flown at half staff too many times — 21 law enforcement and correctional employees have been killed in line of duty. Again, I ask for legislation to make such killings mandatory first degree murder.

Drug Abuse

On January 1st this year, the nation's most far-reaching and innovative drug control program went into effect in California. Our goal is to eliminate the diversion of dangerous pills into illicit markets and to put out of business anyone who participates in this shameful trade. I shall also propose this year a comprehensive drug abuse treatment plan that will incorporate all that we have learned from our various programs to combat drug abuse in the past few years.

Transportation

Every holiday we in California are told we have topped the nation in traffic fatalities. No mention is made of the fact that we top the nation in number of cars and in miles traveled, nor do they point out that California set an all-time low for traffic fatalities in 1970, and provisional statistics for 1971 indicate we will break our own record by around 8 percent. We have been experimenting with ways to relieve traffic congestion by permitting toll-free lanes on the San Francisco-Oakland Bay Bridge for motorists riding in car pools of three or more. We have continued to reduce bridge tolls. There have been 11 reductions in the past four years.

The action providing sales tax revenue on gasoline is hopefully another step in meeting local transporta-

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tion needs. A major goal this year is to establish a State Department of Transportation within the Business and Transportation Agency to help plan and develop the proper combination of transportation systems to meet the needs of our people.

Environment

California has done more in the past five years to protect our environment and to eliminate air and water pollution than in any similar period in the past. I want to thank you particularly for passing the smog control program requested last year and at the same time tell you further action will be necessary to carry on the battle for air quality control.

By your own mandate, the Environmental Goals and Policy Report will be presented to you in March providing additional guidelines on how best to further protect and preserve our land resources and the beauty of California. We must take environmentally balanced actions to protect our coastline and to establish a process for the selection and approval of power plant sites. These and other topics will be the subject of environmental messages later on.

Department of Environment

Last year, we suggested a reorganization plan to create a Department of Environmental Protection including an effective program for solid waste management. The urgency of acting now is plain. A year's accumulation of California's solid wastes could cover the entire city of Los Angeles with a layer of garbage 17 inches deep. This year, I will again ask your support of legislation to create a Department of Environmental Protection that will include an effective solid waste management program.

It has been said that those who fail to plan for the future cannot have one. Each new group of settlers who came to our state sought a better life beyond the next mountain range or desert. Their children and their children's children along with our modern day settlers continue to seek an improved quality of life, a cleaner environment, economic prosperity and education opportunities for their children.

Of late, they have had reason to question whether our system of divided responsibilities can be fully responsive to their needs. They rightfully have no patience with the cynical political cliche that far-reaching legislative programs are not enacted in election years. They expect government to be on an annual, on-going basis. They will not accept from any of us partisan rivalry as an excuse for lack of action.

A few weeks ago, we read in the San Francisco papers the story of an inspiring demonstration of sheer human courage. A gallant young soldier, a triple amputee of the Vietnam War, hobbled painfully on artificial legs across the Golden Gate Bridge. He said he wanted to encourage other wounded veterans to fight their own handicaps. You and I have some bridges to cross in the next few months. Surely, nothing we face in our official duties can compare with the challenge he overcame in that long walk.

Cicero said: "The good of the people is the chief law." The good of the people is the only thing we have a right to consider within these walls. Let's wish each other a Happy and a short New Year.

WIN *(Continued from page 23)*

Follow-Up

The final element of the program consists of "follow-up" counseling for enrollees who have been placed in a job. The purpose of this counseling is to help them adjust to the requirements of their jobs. It lasts for 90 days, after which time, if they still have their jobs, they are considered to be WIN "graduates". In practice, a large proportion of enrollees are referred back to training or drop out during this period because of poor performance, lay offs, and other reasons.

WIN enrollees may be "terminated" (dropped from the program) if they refuse to participate without "good cause", and they may also be dropped for other reasons. Those that are found to have dropped out without good cause are subject to loss of their welfare eligibility, and many enrollees have a genuine fear that this will happen to them. In fact, however, county welfare departments seldom apply this sanction.

Costs

That portion of WIN which is administered by the Department of Human Resources Development is 80 percent federally funded and 20 percent state funded. That portion administered by the Department of Social Welfare is 75 percent federally funded, 16⅔ percent state funded, and 8⅓ percent locally funded. Budgeted expenditures for WIN in 1971-72 amount to approximately $52 million, of which the federal government is providing about $41 million, and state and local government $11 million. Unfortunately, it is extremely difficult to determine from the Governor's Budget for 1972-73 how much is to be spent for WIN in the coming year.

In theory, the cost of the program is recovered in the welfare cost savings which result when welfare recipients are placed in regular jobs, plus taxes collected on the new workers' incomes. According to a report published by the Department of Human Resources Development in April 1971, it was estimated that WIN had placed 6,287 former welfare recipients in permanent employment, resulting in a first-year savings in welfare grants of $40 million. Such claims have been challenged in several recent studies, however, and DHRD now appears to doubt them, also. A DHRD report on the WIN program published in October 1971 observed that "it is difficult to assess the exact amount of welfare savings generated by WIN", and went on to estimate first year savings at between $4.9 million ("safe, if conservative") to $13.1 million ("there would be nothing to support such a projection"). Thus it is questionable, at best, that the program has in fact been paying for itself.

Dropouts

One reason for this failure has been the high rate of terminations or dropouts which the program has suffered. According to an estimate prepared by the Legislative Analyst, 19,135 welfare recipients will be enrolled in some phase of the WIN program in 1971-72, and about 13,000, or 68 percent, will drop out of the program at some stage, with only 5,800, or 30 percent, completing the job entry phase. Of the number who complete job entry, it is estimated that 3,880 will go off

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welfare for some period, 1,090 will receive reduced welfare grants, and 840 will continue to receive a full grant. A recent staff study for the Assembly Ways and Means Committee estimates that "at least 80 percent of all those ever enrolled in WIN terminated before completing their training."

State administrators acknowledge that the dropout rate remains high. For fiscal year 1971-72 the DHRD established a performance goal of raising successful completions to 28 percent of assigned program slots. A "successful completion" is a WIN enrollee who has been placed in a job and retained it for the length of the follow-up period, normally 90 days, and a "slot" is a program opening. The total number of enrollees has usually exceeded the annual number of slots by about eight percent, and therefore the department's objective converts to a completion rate of about 25 percent of total enrollees.

Department of Social Welfare figures for 1970-71 indicate that nearly 150,000 individual welfare recipients were assessed by county welfare departments for their "appropriateness to refer to WIN", of which 58,854 were determined to be appropriate, and 51,562 were actually referred (41,287 fathers, 8,466 mothers, 1,809 children and others) to WIN. But 35,176 of these individuals were sent back to the welfare departments for various reasons, and the total number of recipients who went off welfare because of employment or increased earnings within six months following participation in WIN amounted to only 2,841.

Program Evaluation

Despite this record, program reports issued by the Department of Human Resources Development tell of "steadily improved" efficiency in serving enrollees, performance goals "significantly" exceeded, and "dramatic" improvements in WIN effectiveness. Unfortunately, however, the department has yet to produce the kind of program evaluation data necessary to support these claims. As noted in the Ways and Means staff report, "It is difficult to accurately assess the impact of WIN because of the lack of reasonably accurate, complete, and timely data." In the absence of data to support the department's claims, the available evidence weighs heavily against the program.

Critics of WIN are generally agreed that its lack of success is due in large part to the fact that it does nothing to create employment (except in the administering agencies) and therefore cannot place enrollees in jobs any faster than the economy produces such jobs. Nor does it influence the type of jobs which become available. As it is currently structured, WIN can achieve a significantly higher success rate only by taking fewer enrollees and selecting them from among those who already have skills which match the demands of potential employers — that is, by becoming a conventional job placement service for welfare recipients rather than a training, counseling and placement program as originally intended.

The General Accounting Office report quoted above contained several additional criticisms of WIN which merit attention. One of these is that unemployed AFDC fathers often lose money by going to work, because their AFDC payments are discontinued when they obtain full-time employment, regardless of their wages. For some reason, AFDC mothers are exempt from this action — their AFDC grants are affected only by their level of income. Another criticism by GAO was that funding restrictions have all but prohibited special work projects for otherwise unemployable WIN enrollees. Public agencies which might employ these individuals are understandably reluctant to do so unless they receive additional funding for this purpose. All of this gets through to WIN enrollees, of course, and reduces their incentive to remain in the program.

More Criticisms

The Ways and Means Committee staff found a good deal more to criticize: excessive caseloads, too many levels of administration for effective communication, a lack of skilled training and counseling personnel, an absence of team cooperation, friction between DHRD and the Department of Social Welfare, too little attention to job training, placement of trainees in jobs for which they are not trained, and a failure on the part of DHRD staff to understand the needs of the poor. All of these weaknesses, according to the committee staff, can be blamed upon the DHRD's lack of the "competence or understanding necessary to make WIN operate effectively." Somewhat curiously, the authors of this report, after noting the fact that the state's economy produced only 34,000 new jobs in 1971-72, go on to say that because of the competition for scarce jobs, "it is imperative that programs — such as WIN — operate effectively; if it fails to operate effectively, it will only add to increasing welfare dependency." But the job figures suggest that if it is operated effectively, it will only add to the competition for available jobs, which is not likely to have a significant effect on overall unemployment rates.

WIN administrators nevertheless argue that along with the "wages instead of welfare" objective which underlies the program, it is important that welfare recipients be provided an opportunity to gain the "sense of dignity, self-worth and confidence that comes not only from being a wage earner but, through WIN services, being able to better cope with personal problems and plan to avoid dependency in the future". The trouble with this is that WIN seldom lives up to its promises, and much more often than not fails to change the economic circumstances of those who are referred to it. The basic concept behind the program is that the unemployed welfare recipient has some deficiency that keeps him out of the work force; if this deficiency is corrected through application of a coordinated, comprehensive "employability plan", the individual should become a productive member of the society. But there is by now considerable evidence that no amount of job training and counseling will enable the unemployed to obtain jobs that don't exist.

Yet those who have studied WIN are apparently unwilling to simply recommend that it be scrapped, and not only because every public program, however ineffective, develops supporters who are in some way dependent upon its continued existence. Even those who are most willing to concede that such programs cannot succeed in the absence of measures which create new jobs are understandably reluctant to abandon the effort altogether, to in effect condemn the unemployed to the vagaries of the business cycle and local economic conditions.

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LETTER FROM WASHINGTON
By Lou Cannon

January 21, 1972

MANCHESTER, N.H. — Sam Yorty took himself out of Nebraska, where the arctic-bred winds sweep winter snow across the Middle America plain, when he was only 17 years old, but no one has even taken the Nebraskan out of Sam Yorty.

"I carried three paper routes in a blizzard because I was too dumb to know that in a blizzard you're not supposed to deliver the paper," Yorty told a half-frozen New Hampshire audience during a recent campaign swing. It is an old song for Sam, complete with the peroration about how he was paid a dollar an hour for his troubles, and it has less impact than the spectacle of Sam himself, waging his own psychological war against the subzero cold by constantly turning down the heating in his motel room or charging out of the mammoth camper known as "the Yortymobile" without bothering to put on a coat.

Part of it, perhaps, is a calculated effort to make people forget that Sam Yorty is a Southern Californian (an effort largely undone by his sunlamp tan), but part of it is as natural to the man as the dubious battle he wages now in New Hampshire on behalf of a strong national defense and Bill Loeb, New Hampshire's larger-than-life answer to Citizen Kane. Loeb's paper, with its diverse assaults on "dopey Dwight Eisenhower," the Nixon foreign policy, Pete McCloskey, "our anti-Semitic State Department" and the admission of pregnant girls to high school, simply has to be read to be believed. Sam is on page one of the Manchester *Union Leader*, the Loeb sheet, with a predictability unmatched even by Yorty's speeches, which focus almost exclusively on the economy (Nixon has pulled "the greatest reversal of a campaign promise in history" by promising balanced budgets and coming up with inflationary, big-deficit budgets instead), national defense ("I don't want to see us stumble into another war out of weakness"), and "the Fullbright faction," as Yorty calls the anti-armament Democratic senators who are his opponents on the New Hampshire ballot.

Expatriate Californians accustomed to thinking of Sam as an opportunist may tend to forget that his consistency on the defense issue has withstood every twist and turn of national policy and popular favor: Sam was in favor of sending arms to the loyalist Spanish government again Franco in the mid-thirties, in favor of arms aid to the opponents of Naziism in 1940, and opposed to cutbacks of America's bomber force in his fling at a seat in Congress in the earlier fifties. Yorty first came to Loeb's attention during the fight to save the B-36 bomber, and the mayor now delights, after years of opposition to and from the Los Angeles *Times*, in being the darling of the largest paper in New Hampshire. "I wouldn't be here without Bill Loeb," Sam says candidly. Where it will end neither he nor Loeb knows, though Sam clearly has his practiced political eye on California's mammoth delegation to the Democratic national convention, a delegation that Sam believes he can capture in a presidential primary otherwise contested only by liberal Democrats. In the meantime, he boasts a well-heeled campaign, front page space in the *Union Leader*, and a speaking platform (complete with taped recordings of Truman-like train whistles) at the back of the Yortymobile.

Manchester is a working man's town with a population of just under 100,000, which makes it the largest city in the state. Because of the concentration of the Democratic vote in Manchester and surrounding Hillsborough County, Loeb is far more influential in the Democratic primary than in the Republican, where his influence is limited to the wrecker role that Yorty performs in California primaries.

The rap on Yorty in Manchester was supposed to be his 1960 endorsement of Nixon in a document, entitled "I Cannot Take Kennedy," which was widely denounced as anti-Catholic, but Yorty's campaign manager and most of his workers are conservative Catholics. The "I Cannot Take Kennedy" statement has received only modest circulation here, probably because the Muskie campaign, with its eye on the national prize, doesn't want to fool with it and because George McGovern is trying to run against Muskie, not Yorty. Even so, it is McGovern whom Yorty could most seriously damage — and perhaps even eliminate from the race if Yorty finishes second.

It is nevertheless doubtful, despite Yorty's successful surrounding of the "anti-Catholic" issue and his ideological affinity with New Hampshire Democrats, whether he is the right candidate for this state. The flat Nebraska accent, softened ever so slightly by Southern California, seems alien to New Hampshire ears, and the title "mayor" is in these parts generally held in low esteem. When campaign manager Bob Philbrick, introducing Yorty at a Manchester Kiwanis Club luncheon, cited the unanimous endorsement for the mayor by 52 members of the Milford Town Democratic Committee, an anti-Yortyite prompted laughter at his table by declaring (inaccurately but effectively) that the committee included only 47 members. An hour earlier Yorty had undone himself at a local high school by twice recognizing "girls" in the audience who turned out to be boys with long hair. He redeemed himself in both speeches by answering hostile questions with blunt honesty, but he won, at best, respect, not a following.

After thirty-five years of political campaigning, Yorty is the underdog in New Hampshire, and he savors that role, which he has used seven times in the past as a springboard to success. Yorty is 62 now, and there is a last hurrah quality about what may be his last race anywhere that even some of his old enemies find appealing. Sam is not going to win anything, but he is reading about himself and having fun and standing up for defense policies he has always believed in. Who knows, he may even end his career, appropriately, by dragging a more famous Democratic name down to defeat with him.

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CALIFORNIA CALENDAR

Meetings of the following state boards and commissions are listed each month; if one of these boards is not listed, it can be assumed that it is not scheduled to meet this month. Boards and commissions to be included are: Board of Corrections; Trustees of the California State Colleges; California Community Colleges Board of Governors; Coordinating Council for Higher Education; Board of Education; Highway Commission; Little Hoover Commission; Commission on Housing and Community Development; Lands Commission; Park and Recreation Commission; University of California Board of Regents; and Social Welfare Board.

Feb. 10-11 **State Board of Education.** Resources Bldg., 1416 9th St., Sacramento. 9:00 a.m.

Feb. 11 **State Parks & Recreation Commission.** Needles City Hall, Council Chambers, 1011 Front St., Needles. 9:00 a.m.

Little Hoover Commission. (Date tentative & location undetermned).

Board of Corrections. (Location undetermined; afternoon meeting).

Feb. 11-12 **Law Revision Commission.** State Bar Building, 601 McAllister St., San Francisco. (2/11 — 9:30 a.m., 2/12 — 9:00 a.m.)

Feb. 16 **Commission of Housing & Community Development.** Department of Housing, 1121 O St., Rm. 3344, 1:30 p.m.

Feb. 16-17 **Board of Governors, Community Colleges.** Sacramento Inn, Hwy. 80 at Arden, Sacramento. 9:30 a.m.

Feb. 17-18 **Highway Commission.** Public Works Building, 1120 N Street, Sacramento. (2/17 — 9:30 a.m.; 2/18 — 10:00 a.m.)

Board of Regents, University of California. University Extension Center, 55 Laguna St., San Francisco.

Feb. 24 **State Lands Commission.** State Capitol, Room 2170, Sacramento. 10:00 a.m.

Council on Criminal Justice. Host Hotel, Sacramento Metropolitan Airport. 9:00 a.m.

Feb. 24-25 **Social Welfare Board.** State Building, Room 1200, 450 Golden Gate Ave., San Francisco. (2/24 — 7:30 p.m.; 2/25 — 9:00 a.m.)

The following boards and commissions follow a standard monthly schedule and thus are not included in the Calendar: Board of Agriculture, first Thursday of each month; Allocation Board, second Tuesday; San Francisco Bay Conservation and Development Commission, first and third Thursdays; Merit Award Board, second Wednesday; Public Works Board, last Monday; Reclamation Board, second and fourth Fridays; Soil Conservation Commission, fourth Tuesday; Transportation Board, first Thursday; California Water Commission, first Friday; and Water Resources Control Board, first and third Thursdays. Please contact the agency for meeting time and place.

PEOPLE IN THE NEWS

APPOINTED

E. C. Fullerton, 49, chief of operations of the Department of Fish and Game, as Deputy Director of the department, by Fish and Game Director Ray Arnett. Fullerton joined the department in 1947 as an assistant warden.

Robert B. Hawkins, Jr., 30, as Director of the State Office of Economic Opportunity, by Governor Reagan. Hawkins has been an assistant director of the state OEO since 1970.

Thomas M. McMurray, 32, as Chairman of the State Health Planning Council, by Governor Reagan. McMurray will continue in his present position as assistant to the Secretary of the Human Relations Agency.

Dr. Edward Simonsen, superintendent of the Kern Joint Junior College District as a member of the state Scholarship and Loan Commission, by Governor Reagan.

ELECTED

John W. Lynch, 73, as chairman of the State Board of Equalization. Lynch was first elected to the board in 1958. William Bennett was elected vice-chairman.

RESIGNED

James J. Crumpacker, 41, as cabinet assistant to Governor Reagan, to open a public relations firm.

Kerry Mulligan, 47, as chairman of the Water Resources Control Board. Governor Reagan alleged that Mulligan was employed as a consultant by an engineering firm doing business with the state, an outside activity which is "incompatible with the responsibilities of an executive officer of the state." Mulligan, whose term ran until January 15, 1973, resigned, but vehemently denied the Governor's allegation.

Loren V. Smith, 45, as General Manager of 113,000-member California State Employees Association in a dispute with the elected leadership over the role of the manager in guiding policy. **Walter W. Taylor,** 46, was appointed to replace Smith as acting manager.

Jack F. Hatton, 64, Chief of the Division of Industrial Safety, in response to the legislative investigation of the division's practices in enforcing safety regulations for contractors.

DIED

Dudley Swim, 66, outspoken trustee of the California State Colleges. The conservative rancher was appointed to an eight-year term on the board in 1968 by Governor Reagan.

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Selected State Government Reports

CONSUMER AFFAIRS

Report to the Governor and Legislature, Department of Consumer Affairs, 1020 N St., Sacramento 95814. December, 1971. 109 p. Special section, "1971 Consumer Legislative Summary" (22 pages).

1972 Digest of Information, Dept. of Consumer Affairs, 1020 N Street, Sacramento 95814. Jan., 1972. 237 p. Detailed information on where consumers can complain. Contains a complaint referral chart as well as explanations of methods for registering complaint forms. Explains the Consumer Affairs Act and lists many trade, business, and consumer associations.

COURTS

Felony Defendants Disposed of in California Courts — 1970, Dept. of Justice, Bureau of Criminal Statistics, 3301 C Street, Sacramento 95807. July, 1971. 37 p. Annua statistical information, tables only.

California Lower Court Study, Booz, Allen & Hamilton, Inc., 555 California St., San Francisco 94104. Sept., 1971. 125 p. plus appendices. Focuses on organization and management of California's municipal and justice courts, and analyses problems which currently exist, with recommendations for improvement.

EMPLOYMENT

Is the WIN Program a Loser? Assembly Comm. on Ways and Means, State Capitol, Sacramento 95814. Jan., 1972. 26 p. plus attachments. An evaluation of the Work Incentive Program which concludes with an affirmative answer to the title question.

Legislators Retirement System and 1970 Legislators' Retirement Law, Board of Administration, Public Employees' Retirement System, P.O. Box 1953, Sacramento 95809. 1971. 51 p. Annual report of operations for fiscal year ended June 30, 1971.

Annual Report to the Governor and Legislature, Board of Administration, Public Employee's Retirement System, 1416 Ninth Street, Sacramento 95809. Dec., 1971. 23 p. Includes recommendations for minor changes in the current retirement system.

Report on State Personnel Board Activities under the Welfare Reform Act of 1971. State Personnel Board, 801 Capitol Mall, Sacramento 95814. Jan. 10, 1972. 8 p. First report concerning employment of welfare recipients.

ENVIRONMENT

Environmental Impact of Urbanization on the Foothill and Mountainous Lands of California, State Division of Soi Conservation, 1416 Ninth Street, Sacramento 95814. Nov., 1971. 70 p.

At the Crossroads, Dept. of Fish and Game, 1416 Ninth Street, Sacramento 95814. Jan. 1, 1972. 99 p. The first report on California's endangered and rare fish and wildlife.

LEGISLATURE

Legislative Summary: 1971 Session, compiled by Senate Majority Caucus. Senator Mervyn M. Dymally, Chairman. January, 1971. 32 pages. Special supplement on vetoed measures.

Republican Report, 1971: Random Summary of the Accomplishments of the 1971 General Session of the California Legislature, compiled by Assembly Republican Consultants. December, 1971. 59 p.

Standing Committee Jurisdictions in State Legislatures, Alvin D. Sokolow, Institute of Governmental Affairs, University of California, Davis 95616. 1971. Reprint Series No. 24. Examinations of the subject matter areas of legislative committees, drawing upon the California State Senate committee system.

PARKS & RECREATION

Report on a Decade, Dept. of Parks & Recreation, 1416 Ninth Street, Sacramento 95814. Jan., 1972. 31 p. A summary of state park responsibilities carried out in the 60's, with some discussion of challenges for the 70's.

Park Access Study, Dept. of Public Works, 1120 N Street, Sacramento 95814. Jan., 1972. 35 p. Study of access of general public to California parks and recreational areas. Emphasis on roadway improvements.

TRANSPORTATION

California Driver Training Evaluation, Interim Report to the Legislature, prepared by Institute of Transportation and Traffic Engineering (UCLA) in cooperation with Dept. of Motor Vehicles, 2570 24th Street, Sacramento 95818. Dec., 1971. 51 p. Benefit-cost analysis of driver training programs comparing secondary school instruction with commercial school instruction of high school students.

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WATER

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Ten Counties Investigation, Dept. of Water Resources, 1416 Ninth Street, Sacramento 95814. Dec., 1971. 84 p. Projections of future water demands for municipal, industrial, and agricultural purposes in Colusa, Glenn, Humboldt, Lake, Marin, Mendocino, Napa, Solano, Sonoma, and Yolo counties. Appraises need for new supplies from Eel River developments or other sources. ($2 ea.)

Transactions under the Davis-Grunsky Act, Dept of Water Resources, 1416 Ninth Street, Sacramento 95814. Jan., 1972. 86 p. Summary of program of financial assistance for local water projects.

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I speak truth, not so much as I would, but as much as I dare; and I dare a little the more, as I grow older.

-Montaigne

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